



Doing Business In Turkey: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Turkey

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Market Overview

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Turkey is strategically positioned at the crossroads of Europe, Asia and the Middle East. Aside from its location as the bridge between East and West, Turkey's complex mix of modern industry and commerce continues to attract a diverse set of American companies ranging from mining to high technology to energy. Over the years, we have witnessed a gradual increase in U.S. - Turkish bilateral trade. Today, the U.S. is Turkey's fourth largest trading partner and U.S. exports to Turkey totaled \$3.36 billion in 2004.

From January to November 2005, the United States exported US\$ 3.85 billion in goods and imported US\$ 4.93 billion from Turkey. The U.S. has maintained a significant standing in Turkey as one of its large trading partners, and excellent opportunities exist for U.S. exporters in this market. Information Technology remains one of the leading sectors offering excellent opportunities for U.S. firms. Telecommunications is another promising sector in which further investment and market development will be necessary for the full realization of the investment potential involved. Opportunities also exist in Turkey's energy sector as it relates to the distribution of electricity and gas, power generation and renewable energy; safety and security equipment and services; and building materials.

On 3 October 2005, the EU and Turkey began formal EU negotiations with Turkey. Turkey has for a number of years been adopting many European Union directives, regulations and laws in anticipation of the EU accession negotiations to bring it more in line with the EU. It remains to be seen, what, if any impact this may have on U.S. companies as Turkey establishes closer relations with Europe.

Market Challenges

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The Republic of Turkey is a complex and challenging market requiring adaptability and persistence. Many U.S. exporters face many of the same challenges that exist in other medium developed countries, such as inconsistent, sometimes contradictory policies, lack of transparency in decision-making, and an inconsistent judiciary. Careful planning and patience are the keys to succeed in Turkey. Keeping in mind that Turkey is also the commercial hub of Central Asia, companies should also plan to eventually use Turkey's resources to expand business opportunities throughout Central Asia, the Middle East and the Caucasus.

The Commercial Service in Turkey is ready to assist U.S. manufacturers and exporters in tackling the Turkish market, which could reward those businesses seeking a long-term, well-managed business relationship with one of our leading trading partners. For additional information, please visit the U.S. Commercial Service in Ankara's web site at www.csturkey.com and www.buyusa.gov/turkey/en.

Market Opportunities

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The Republic of Turkey's move toward membership in the European Union offers an excellent opportunity for the nation to adopt European business regulations and standards, thereby making it easier to ultimately sell and conduct business in Turkey. The Commercial Service in Turkey has identified a number of market opportunities for U.S. firms and continues to work with companies in either entering the Turkish market or expanding market share. Information on key industry sectors can be found in [Chapter 4: Leading Sectors for U.S. Export and Investment](#) of this country commercial guide.

Market research on leading industries can also be seen at <http://www.export.gov/marketresearch.html>. The Commercial Service in Turkey stands ready to assist U.S. companies in marketing their products in the local market and beyond to Central Asia and the Caucasus. Please visit our web site at www.csturkey.com and www.buyusa.gov/turkey/en.

Companies producing and exporting agricultural commodities or processed foods can visit the website of the U.S. Department of Agriculture at <http://www.fas.usda.gov/hotpages/default.asp?lstCode=TU&submit=Submit+Query> or <http://www.usemb-ankara.org.tr/FAS/FAS.HTM>

Market Entry Strategy

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To be successful in the Turkish market, most U.S. companies opt to have a local representative or have a liaison office in entering into the market. When the business develops, companies open up subsidiary companies. Companies rely on the local experience and knowledge as to how "business is done" in this exciting market. Knowing the regulatory and business framework is almost an impossible task without the support of a local business partner. The Commercial Service in Turkey has a number of programs and services available to assist the U.S. business community in establishing a presence in this market. In addition, the Commercial Service in Turkey employs experienced Commercial Specialists with industry sector expertise that can tailor your business approach to the right audience and to advise and steer your company through the often less than transparent bureaucratic procedures that is common in Turkey. To find out more about what we do to help you with one of leading trading partners (over USD 8.8 billion in bilateral trade), please visit our web site at www.csturkey.com and www.buyusa.gov/turkey/en.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3432.htm>

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Using an Agent or Distributor

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Marketing of most foreign products in Turkey is through foreign suppliers' representatives or distributors. Depending on the location of consumers/end-users, most distributors have a dealer network throughout the country or in areas where the product is most used—in the case of several industrial sectors; a dealer/repair network may be required. Commission representatives/agents, on the other hand, periodically visit their customers together with their foreign principals to maintain strong personal contact, a very important marketing tool in Turkey.

USE OF MANUFACTURER REPRESENTATIVES/AGENTS AND DISTRIBUTORS

Unless a U.S. firm's interests are large enough to warrant opening an office in the country, the most effective means of selling in Turkey is through a reliable and qualified local representative. Personal contact is extremely important in Turkish business in both private and public sectors. When dealing with government tenders, an agent is an absolute necessity in view of complicated bureaucratic procedures and the language barrier.

An American firm should carefully investigate the reputation and possible conflicting interests of any prospective representative or agent before signing contractual agreements. Agency agreements under Turkish law are private contracts between two parties and their stipulations vary according to mutual consent. There are no fixed commission rates. It is recommended that sole manufacturer representatives/distributors be appointed, either for a particular sales territory, by product or for a particular market niche. In cases where a large volume of government

business is expected, it is essential either to appoint an Ankara firm or an Istanbul firm with a branch office in the capital.

Commercial Service Turkey, through its offices in Ankara, Istanbul and Izmir, provides a Gold Key Service, arranging custom-tailored appointment programs for visiting American business people. The Commerce Department's International Partner Search, the Matchmaker, Trade Mission, and Catalog Show programs are other options for U.S. companies looking for assistance in entering the Turkish market. The Foreign Agricultural Service also provides information and assistance to firms interested in marketing agricultural commodities in Turkey. For more information on the Commercial Service in Turkey, please visit our web site at www.buyusa.gov/turkey/en.
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Establishing an Office

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Turkey's foreign investment legislation, which has been gradually liberalized since the 1980's, was revised most recently in 2003 through some structural reforms. The procedures for foreign investment are simplified, some bureaucratic formalities are abandoned, and the principle of equal treatment is reemphasized.

Turkey has reached a stage where the issue of foreign capital is considered as a top priority issue and the latest reforms are the initiation of a series of required course of action to improve the investment climate.

The major step that has been realized recently is the introduction of a more investor-friendly "Foreign Direct Investment Law".

The new Law has changed Turkey's foreign investment policy from screening system to monitoring system. The foreign investors are no longer required to obtain permissions or approvals. Foreign investors will only be asked to provide some statistical information to the Undersecretariat of Treasury for the purpose of developing an information system about foreign investments in Turkey.

The main elements of the new "Foreign Direct Investment Law" are the following;

- All former FDI related screening and approval procedures have been abandoned for a business set up (company or branch) and share transfers. Foreign investors will no longer be required to obtain prior approvals for these transactions, except for some critical sectors. The conditions for a business set up and a share transfer will be the same as for comparable local investors.
- Pre approval requirements for certain transactions- capital increase, change of field of activity, etc- of foreign investment companies have also been eliminated. Foreign capital companies will follow the same procedures as local companies to realize these transactions.
- Registration of license, know-how, royalty, technical assistance agreements to the General Directorate of Foreign Investment is no longer be required.
- The minimum capital requirement of \$ 50,000 per each foreign shareholder has been abolished.

- Foreign investors will be able to form a partnership in Turkey. In the old regime, foreign investors were only allowed to form a joint stock company or a limited company. Now, any form of company included in the Turkish Commercial Code is acceptable for foreign investment.
- Valuations of international credit agencies as well as courts or competent authorities of the investor's country will be accepted as valid in the determination of the share value for marketable securities that are contributed as capital in-kind.

The new "Foreign Direct Investment Law" has also reassured the foreign investors' existing rights on a stable document:

- The foreign investment legislation is based on the principle of equal treatment for the domestic and foreign investors. Foreign investors have the same privileges and obligations as the domestic capital.
- Free transfer of profits, dividends, proceeds from sale or liquidation of an investment, fees and royalties, interest payments on foreign loans is clearly restated.
- Foreign capital companies established in Turkey have the same rights to acquire a real estate as domestic investors. Foreign real persons may own a real estate according to the principle of reciprocity.
- The national or international arbitration is allowed for disputes arising from contracts involving government concessions as well as for the disputes arising from agreements subject to private law, provided that the conditions in the related regulations are fulfilled.
- Foreign capital entities can employ foreign personnel in Turkey, provided that the work permits are obtained from Ministry of Labor.

The new Law has retained the permission requirement for Liaison Offices. Liaison offices are special type of offices whose main activity is to conduct market research and feasibility studies and to accumulate investment opportunities in the Turkish market on behalf of their head offices. They are not allowed to carry on any commercial activity. Foreign investors are required to obtain permission from General Directorate of Foreign Investment under the Turkish Treasury to open a liaison office in Turkey. The initial permission is given for 3 years, which can be extended depending on the activities performed in the last 3 years and future plans of the head office.

A foreign company is free to choose between a corporation (Anonim Sirket--A.S., or "Societe Anonyme" type corporation), private limited company (limited liability company), or branch office as the form for its operations in Turkey. The 'A.S.' form is more suitable for larger enterprises, since corporations can attract a large number of shareholders. The limited liability company form is more appropriate for the establishment of sales and distribution entities.

Commercial Service Turkey suggests that an attorney be retained to obtain additional details and handle the application process and entity formation. Use of an accountant for tax planning is also recommended. Listings of American and Turkish lawyers and accountants resident in major Turkish cities are available from the Commercial Service in Turkey.

Since 1986, franchising has grown in the Turkish market. The Turkish National Franchising Association, Ulusal Franchising Dernegi (UFRAD), a member of the International Franchising Association (IFA), is traditionally the first point of contact and is an excellent meeting point for prospective franchisers and franchisees. Foreign franchises in Turkey are concentrated in fast foods and apparel, but other areas are increasingly represented as well.

The Block Exemption Decree (relief from the Free Competition Law) No. 1998/7 dated December 1998 is based on the European Community's Law No. 4087/88. If a franchise agreement meets the requirements of this decree, it is exempt from the Free Competition Law, which is often in conflict with certain aspects of the franchising concept. Until this decree, each franchisee was obliged to obtain an individual exemption status by applying to the Competition Committee.

Franchising Contacts:

National Franchising Association
(Ulusal Franchising Dernegi-UFRAD)
Ergenekon Caddesi
Pangalti Is Merkezi 89/15
80240 Pangalti
Istanbul, Turkey
Tel: [90] (212) 296-6628
Fax: [90] (212) 224-5130
Internet: www.ufrad.org.tr
Web site in Turkish only

The International Franchising Association in Washington, D.C. (1350 New York Avenue, NW, Washington, D.C. 20005-4709, tel. (202) 628-8000; fax: (202) 628-0812), has been active in Turkey, organizing visits to Turkey by potential U.S. franchisers and, in cooperation with UFRAD, putting them in contact with potential local franchisees.

Most large U.S. accounting / auditing / consulting firms, many U.S. banks, and several U.S. law firms also have offices in Turkey to assist American firms interested in the Turkish market.

Unless a U.S. firm has established an office in Turkey, direct marketing from the United States without an agent or representative is not recommended. In fact, it is virtually impossible to surmount complicated bureaucratic requirements, language obstacles, and purchasing transactions without a competent local representative/agent. Especially for those firms with sales potential large enough to warrant it, a local affiliate is the best possible way of selling to this market without an agent, representative or distributor.

Although 100 percent foreign ownership is permitted (except in the media), most U.S. investment in Turkey is in the form of joint venture or licensing operations. Most Turkish companies prefer to establish joint ventures with U.S. suppliers to overcome shipping costs and European competition. Especially in view of customs duties applied to U.S. products vis-à-vis zero customs charges for European-origin goods (Turkey joined the European Customs Union in 1996), many U.S. firms have chosen local production as a way to profitably penetrate the Turkish market. Especially in large urban centers, a highly sophisticated infrastructure exists (legal support, financial and consulting services) which may be required by potential foreign investors or joint venture partners. Major U.S. accounting/auditing firms, law firms and banks also have established branches in Turkey.

The main law that regulates government procurement is the Public Tender Law No. 4734 and Law No. 4964-the amending law to 4734. Though Law 4734 was omnibus legislation incorporating all public sector enterprises, the amending legislation 4964 limited the Public Tender Law's coverage such that the energy, water, transport and telecommunications sectors would be exempted from the Public Tender Law. State-owned corporations (state economic enterprises-SEEs) generate revenues through sales of raw materials, semi-finished and finished products and services. SEE procurement regulations are largely based upon a government decree called "the Decree on the Operations of the State Economic Enterprises" No. 233 of June 8, 1984, Turkey's Law of Obligations No. 818, dated April 22, 1926, and the Turkish Commercial Code No. 6762, dated June 29, 1956. Other exceptions are the Undersecretariat of Defense Industries (SSM) and the Ministry of National Defense. SSM procurement is financed off budget, through special taxes, and is not subject to Law 2886.

An independent Public Procurement Authority was established as stipulated in Law No. 4734, which approves public tenders. Any objections to the tenders can be made to this Authority. It evaluates the objections and makes decisions in accordance with the regulations. In public tenders, company establishment certificate, letter of authorizations, job completion certificates, any other certificates must have apostil. Otherwise, bidders can be disqualified. Due to this kind of bureaucratic procedures, tender evaluations can take months.

Price, quality, financial credit terms, and length of repayment period are the most important factors in purchasing decisions. Other factors that affect sourcing decisions are the suppliers' reputation, the reputation of the quality and reliability of their products, references, qualifications of the local partner and previous experience in dealing with particular suppliers.

In GOT tenders, state organizations give particular importance to the way proposals are prepared and to their adherence to administrative and technical specifications. Generally, the validity of the proposal must be three to six months from the bid date and the same validity is expected for the bid bond (generally a stand by letter of credit). If a company retracts its offer, the bid bond is forfeited. The bid bond is usually obtained

from the actual supplier for three percent of the bid amount. The performance bond is usually six percent of the contract amount and is valid throughout the delivery or final acceptance beginning from the contract date. All bonds have to be counter-guaranteed (confirmed) by a Turkish national bank.

The GOT enacted the Electricity Market Law on February 20, 2001, which envisages a market that is competitive, transparent, and operates in accordance with provisions of private law. The law also established the Electricity Market Regulatory Authority (EMRA). The Turkish Treasury does not issue Treasury Guarantees to support electricity generation projects done by the private sector, unless either the State Hydraulic Works (DSI) or the Electricity Generation Corporation invests in the project.

The Turkish Parliament passed the Natural Gas Market Law No. 4646 on April 18, 2001. This law liberalizes the trading of natural gas and authorizes the same independent regulatory body for electricity trading to also regulate the natural gas market (EMRA). Companies are free to supply natural gas at wholesale to customers buying in excess of one million cubic meters of gas per year. Independent power producers are also able to purchase their own gas from the free market. EMRA is currently issuing the required licenses. This law also permits the private sector to obtain license to distribute gas in cities.

A Petroleum Market Law enacted on December 4, 2003, Law no. 5015 has the objective to regulate the Petroleum Products Market pertaining to the delivery of petroleum supplied from domestic and foreign resources to consumers, directly or after processing, in a reliable, cost-effective manner within a competitive environment. In accordance with this Law, Holding a license is obligatory for the following petroleum activities:

- a) Performing refining, processing, lube oil production, storage, transmission, eligible consumer and bunker activities and to establish and/or operate facilities for the performance of aforesaid activities,
- b) Performing liquid fuel distribution, transportation and vendor activities. Energy Market Regulatory Authority may impose exemptions for holding licenses for transmission and processing activities in line with the principles and criteria to be developed. Licenses shall not be granted based on commitments.

Distribution and Sales Channels

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Marketing of most foreign products in Turkey is through foreign suppliers' representatives or distributors. Depending on the location of consumers/end-users, most distributors have a dealer network throughout the country or in areas where the product is most used—in the case of several industrial sectors; a dealer/repair network may be required. Commission representatives/agents, on the other hand, periodically visit their customers together with their foreign principals to maintain strong personal contact, a very important marketing tool in Turkey.

Selling Factors/Techniques

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Once an American firm appoints a manufacturers' representative or agent, the agent or distributor expects-and should receive-the principal's full support with regard to literature,

technical information and advertisement materials. Possible government buyers and potential private-sector importers should receive catalogs and other literature clearly indicating the name and address of the local representatives/distributors. A common and very effective support practice by European principals is to invite the representative/agent to the principal's country every year for an annual sales meeting. Both agents and, if possible, their principals, should periodically visit existing and potential customers since the importance of personal contact in Turkey cannot be overemphasized.

Especially in larger Turkish cities, international trade promotional events, such as fairs, exhibitions and seminars, are common methods of sales promotion. These fairs are also opportunities for U.S. companies to assess (and meet) existing competition, since all major foreign and local suppliers participate in such events. The catalogs of the events serve as 'trade lists' on specific product categories. Currently, there are about seventy international fair and exhibit organizers in Turkey.

Commercial Service Turkey has been promoting attendance by prospective Turkish buyers at exhibits in the U.S. and Europe. U.S. Commercial Service sector specialists take Turkish business delegations to the exhibitions in the U.S. or Europe in Energy, IT and Telecommunications, Automotive and Health sectors. Under a Showcase Europe Showtime program, sector specialists counsel U.S. companies. Likewise, the Foreign Agricultural Service (FAS) organizes trade teams to U.S. agriculture and food shows. Turkish visitors to those fairs return highly impressed by the U.S. products. CS Turkey will continue to coordinate with other U.S. Government posts and event organizers to facilitate the visits of buyers to these events.

Electronic Commerce

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The majority of E-commerce transactions in Turkey are in the field of Internet banking. Local industry sources report that nearly 70 percent of all electronic commerce transactions are in on-line banking and financial services. The concept of having Internet banking in Turkey is popular given the very high cost of maintain physical bank branches throughout the country. Most commercial banks expended between USD 100,000 and USD 200,000 to develop their infrastructure. Apart from increasing customer service, the commercial banks realized that charging substantially less transaction cost for Internet banking than the traditional brick and mortar enterprise of the past, made the Internet banking more attractive to the consumers.

Other E-Commerce Business Activity

Apart from the significant on line banking segment of the Turkish E-commerce industry, Turkish companies in food delivery, books/CDs/entertainment, clothing, and consumer products are also active in promoting goods and services via the Internet. The majority of commercial sites were developed without focusing on IT integration of overall corporate operation and instead focused on order taking and transaction clearance. Turkish E-commerce companies generate only a small percentage of gross revenue from electronic transactions. Turkish Government also gives importance to e-government activities such as tax payment over Internet, application for a passport, and many other application type procedures are being widely used.

Trade Promotion and Advertising

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Chambers of Commerce and Industry, various associations, and specific sectoral publications serve as potential channels for advertisement. Television commercials or ads in major newspapers are also highly effective. In Turkey, there are 16 national TV channels. Major newspapers include Cumhuriyet, Dunya, Hurriyet, Milliyet and Sabah, all of which have their headquarters in Istanbul with branch offices in Ankara. The country's foremost commercial/economic daily newspaper is Dunya. The leading English language newspaper is the Turkish Daily News. Major weekly periodicals are: Anka Haber (economy); Barometre (economy); Briefing (weekly inside perspective on Turkish political, economic and business affairs); Detay (economy-also publishes tenders on equipment procurement and infrastructure projects); Eba Newsletter (economy/English daily); Eba Report (a weekly special survey of Turkish business, industry and business contacts); and Tebanews (weekly magazine--in English--on tenders, investment projects and the economy). There are many periodicals issued monthly. The most important publications in this category are Bilgisayar (computer and related equipment); Bilisim (computer and related equipment); BT/Haber (weekly/computer and related equipment); Dunya Insaat (construction machinery); Finans Dunyasi (finance and economy); Telekomunikasyon (telecom); Turkey (economy) and Yazilim Donanim (software).

Pricing

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Price has traditionally been the most important consideration in government tenders. Private sector buyers emphasize quality, but price remains a significant issue. In both public and private sales, creative financing which reduces up front cash outlays can mitigate this. While imports from European Union and EFTA countries are exempt from duties, American firms can still be competitive by offering financing alternatives to credit-hungry Turkish buyers. Financing also includes GSM-102 export credit guarantees, which is available for most agricultural products. The Commercial Service urges U.S. suppliers to utilize instruments like letters of credit and U.S. EXIM Bank products when establishing a new relationship with a Turkish importer.

Sales Service/Customer Support

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U.S. suppliers should identify local agents/distributors with the necessary service and maintenance capability. Depending on the level of business activity, a U.S. firm may also consider establishing its own office in Turkey to set up servicing facilities in the country's major business centers.

Protecting Your Intellectual Property

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In 1995, as part of Turkey's harmonization with the EU in advance of a customs union, the Turkish parliament approved new patent, trademark and copyright laws. Turkey also acceded to a number of multilateral intellectual property rights (IPR) conventions. Although the new laws provide an improved legal framework for protecting IPR, they required further amendments to be consistent with the standards contained in the WTO

Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The Turkish Parliament passed amendments to the Copyright Law in June 2001, further strengthening IPR enforcement and making Turkish IPR law TRIPS compliant. Parliament further amended the Patent Law in June 2004. The new law provides for penalties for infringement of up to 3 years imprisonment or 47 billion Turkish Lira/47,000 New Turkish Lira (approximately USD 32,000), or both, and closure of the business of up to one year.

Turkey continued to show evidence of poor IPR enforcement practices, and as a result, the U.S. Government has again placed Turkey on the Priority Watch List in 2004.

Due Diligence

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Companies can minimize their risk of exporting to new customers or entering into business with new partners by utilizing the U.S. Department of Commerce International Company Profile (ICP) program. An ICP provides up-to-date information that includes bank and trade references; names of principals, key officers and managers; product lines; the number of employees; financial data; sales volume; reputation and market outlook, all at a reasonable price. For more information, please visit our web site at www.buyusa.gov/turkey/en.

Local Professional Services

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English-speaking attorneys specializing in commercial law, investment legislation, joint ventures, corporate law, tax law, bankruptcy law, public finance, banking corporations, criminal law, and civil law are available for consultation with U.S. business representatives. A list of specialized attorneys is available from CS offices in Turkey. U.S. companies will also find large multi-national U.S. accounting and financial firms operating in Turkey, to assist in establish a presence in the Turkish market.

Web Resources

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For additional information on entering the Turkish market, or if you have specific questions pertaining to your product or market niche, please visit our web site at www.buyusa.gov/turkey/en.

Government of Turkey Contact:

Undersecretariat of Treasury
General Directorate of Foreign Investment
Eskisehir Yolu, Inonu Bulvari
Emek Mevkii, Ankara, Turkey
Tel: [90] (312) 212-8800 (switchboard)
[90] (312) 212-8414 or 212-8915
Fax: [90] (312) 212-8916
E-mail: GDFI@pm.treasury.gov.tr
Internet: www.investinginturkey.gov.tr and <http://www.treasury.gov.tr>

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- [Telecommunications Equipment](#)
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Telecommunications Services

Overview

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USD Millions	2003	2004	2005 (estimated)
Total Market Size	6,700	8,300	9,000
Total Local Production	5,900	7,400	7,500
Total Exports	930	1,200	1,300
Total Imports	1,730	2,100	2,800
Imports from the U.S.	280	350	450

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.4)

55% of Turk Telekom was privatized in 2005. Ojer Telecom (a JV between Saudi Oger and Telecom Italia) bidded \$ 6.55 billion for this privatization and will pay \$ 7.40 billion in installments including the interest. Ojer Telecom announced that they would invest \$3.5 billion in 6 years for the development and expansion of Turk Telekom services. Turk Telekom is the fixed line operator. Over 40 private long distance telecom companies have been also operating over the last couple of years, mostly using VoIP through Turk Telekom lines. Ojer Telecom by buying 55% shares of Turk Telekom, will also own 22% of the 3rd largest GSM cellular operator Avea.

British Vodafone acquired Telsim, the second largest GSM cellular operator with approximately 10 million subscribers in Turkey. Vodafone will be paying \$ 4.55 billion. This also resolved the Motorola-Telsim dispute and Motorola will receive \$ 910 million

for this settlement. The name of the company will be Vodafone Turkey, which will further invest for the expansion of the coverage area and improvement of the services. Vodafone announced that their further investment would be approximately \$ 1 billion in the short term. As majority of the switches in Telsim were supplied by Motorola, U.S. companies would hopefully take a good share of orders. Vodafone may start a new trend in the GSM cellular market by supplying free GSM cellular phones for those clients who may exceed a certain amount of usage per month. This marketing policy will increase the sales of new cell phones in Turkey.

Turkcell is the largest GSM cellular operator in Turkey. It has over 27 million subscribers. Telia Sonera (Scandinavian) owns 37.09% of Turkcell while Cukurova Group (Turkish) owns 27.05%, Alfa Telecom (Russian) 13.22%, Murat Vargi Group 6.07% and the rest (16.55%) are publicly traded in Istanbul and New York Stock Exchanges. Turkcell will also continue its investments in 2006 to enhance its services.

Avea is the third largest cellular phone operator, having approximately 7 million subscribers. Telecom Italia Mobile (TIM) owns 40% of Avea while Turk Telekom owns 40% and Türkiye İş Bankası 20%. Avea operates at 1800 MHz GSM frequency, and Turkcell and Telsim operate at 900 MHz GSM systems.

In 2006, a license tender for 3G services will be made. This will further increase the Telecom market revenues. Turkish GSM companies will widely implement new services such as GPRS, push to talk, Multimedia Messaging Service (MMS), Mobile Video Streaming (MVS) and other new features by moving forward to the 3G technologies. These services, new GSM and fixed telephony players multiplied by the competition introduced through the new long distance telecom companies will boost the telecommunications services market in Turkey.

Additional opportunities exist for the Turkish market in international traffic either originating or terminating in the country. Due to the widely dispersed Turkish population around the world, there is considerable amount of international calls being placed, primarily from Western Europe and the United States to Turkey.

Best Products/Services

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Push to talk, 3G, and other new technologies for GSM cellular operators such as MMS and Java based services, and other telecom services to enhance activities of long distance operators.

Opportunities

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Improvements required in Turk Telekom for better customer, data and network management, expansion of Telsim's GSM network and additional ADSL networks are the potential opportunities.

Resources

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- Telecommunications Authority's web site: www.tk.gov.tr
- Turk Telekom's web site: www.turktelekom.com.tr
- Privatization Administration's web site: www.oib.gov.tr

- Turkcell's web site: www.turkcell.com.tr
- Telsim's web site: www.telsim.com.tr
- Avea's web site: www.avea.com.tr

Electric Power Systems

Overview

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USD Millions	2003	2004	2005 (estimated)
Total Market Size	1,700	2,200	2,500
Total Local Production	550	680	750
Total Exports	240	310	400
Total Imports	1,390	1,830	2,150
Imports from the U.S.	510	620	850

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.4)

Turkey is fast moving into the liberalization of the electricity trading market. The Energy Market Regulatory Agency (EMRA) issues licenses for power generation or wholesale trading companies, which can sell its electricity generated anywhere in Turkey to any client in any place in Turkey by paying a transmission fee.

Many Turkish companies are seeking for potential foreign partners to participate in the upcoming power sector privatizations. Turkish Government will privatize its electricity distribution grids by the end of 2006. For this purpose, the Turkish electricity grid has been divided into 21 regions. Many Turkish companies would like to meet with potential U.S. investors or O&M service companies to be able to bid for these privatizations. Further information is available at www.oib.gov.tr.

The Turkish private sector is investing in new combined cycle or cogeneration type power plant projects as well as small hydropower generation and wind energy projects. Some of these companies are either seeking for foreign partners or foreign financing to produce electricity jointly and sell to the private sector or to the grid.

Turkey has 46,000 km of electricity transmission lines and 840,000 km electricity distribution lines. Turkey has electricity transmission line connections between Bulgaria, Georgia, Iran and Iraq. Turkey is trading some electricity between these countries. Another electricity transmission line is being built between Turkey and Greece to connect Turkey to the South European Grid. Some Turkish companies are exporting electricity to Northern Iraq.

Turkish Government also plans to privatize all of its power generation plants by the end of 2009. Power plants will be privatized in bundles of hydro, combined cycle and lignite-fired power plants. Total installed capacity of Turkey is 38,500 MW and will grow to 41,500 MW if there is low demand, or to 57,000 MW if there is high demand by the year 2020.

Turkey produced 150 billion kWh of electricity in 2004 and expected to produce 160

billion kWh electricity by the end 2005. The demand for electricity is expected to grow to 240 billion kWh of electricity in case of low demand by 2020 or to 400 billion kWh in case of high demand. In 2020, the installed capacity is expected to grow from current 38,500 MW to 80,000 MW or to 96,000 MW in accordance with low and high demand scenarios respectively. According to Ministry of Energy and Natural Resources (MENR), total investment to be made for power generation and transmission until 2020 is in the range of \$130 billion.

Turkish Government plans to invest in nuclear power plant investments at the total capacity of 5000 MW by the year 2012. For this purpose, MENR and Turkish Atomic Energy Agency (TAEK) has designated 8 locations, 3 or 4 of these locations will be selected as the potential sites for the construction of nuclear power plants.

Turkey has an economical capacity of 128 billion kWh per year hydroelectric energy potential. However, Turkey is using 36% of this capacity, currently generating 46 billion kWh per year electricity from hydroelectric power plants. Another 11 billion kWh per year capacity is under construction by the private and the public sector. U.S. and Turkish Governments have a bilateral protocol to build 9 hydroelectric power plants in Turkey with the collaboration of U.S. and Turkish companies with some U.S. financing.

Turkish Government estimates that the generation companies in Turkey will produce over 160,000 billion kWh and Turkey will import over 500 million kWh; export over 2,152 million kWh of electricity. In 2010, total demand will be over 240,000 billion kWh. It is estimated that 44 percent of this demand will be met by natural gas-fired power plants, 27 percent of it by coal-fired power plants, 24 percent by hydroelectric, 3 percent by oil-fired and 2 percent by wind power.

The Turkish Government passed the new Renewable Energy Law No. 5346, which entered into force on May 18, 2005. Retail companies are required to buy 8 percent of their total electricity procurement from renewable energy generation companies. Prices to be paid to the renewable energy suppliers will be higher than the average prices. These new regulations encourage the renewable energy investments in Turkey.

In addition, Energy Market Regulatory Agency (EMRA) (www.epdk.org.tr) has license fee exemption for renewable energy investors and Turkish Electricity Trading Company, TETAS, can provide buying guarantees to renewable energy companies. Renewable energy will play an important role as Turkey's preparations for accession to the European Union is underway.

Turkish Government has established a hydrogen energy technology center in Istanbul. This center plans to implement projects on pilot hydrogen energy plants, storage facilities, transportation systems and its application on vehicles.

Best Prospects/Services

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Simple or combined cycle power plants, wind mills, small hydro power plants, geothermal and solar energy type of applications and power generation, hydrogen generation pilot facilities, generator sets. Other best prospects will be upgrading of existing power plants, supply and installation of power transformers and gas insulated substations for power transmission lines and SCADA systems for the electricity distribution lines.

Opportunities

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Major opportunities may come out as a result of planned privatization of electricity distribution grids and existing power plants owned by the State. The Privatization Administration will announce these privatizations in 2006.

Resources

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Ministry of Energy and Natural Resources' Web Site:

www.menr.gov.tr

Energy Market Regulatory Agency Web Site:

www.epdk.org.tr

Nuclear Atomic Energy Agency of Turkey Web Site:

www.taek.gov.tr

Privatization Administration's Web Site:

www.oib.gov.tr

Natural Gas Transmission, Distribution, Exploration, Storage and Trading

Overview

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USD Millions	2003	2004	2005 (estimated)
Total Market Size	4,300	4,700	5,000
Total Local Production	400	500	600
Total Exports	100	150	200
Total Imports	4,000	4,350	4,600
Imports from the U.S.	370	430	550

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.4)

73 % of the world's proven oil reserves and 72 % of the world's proven gas reserves are located in the surrounding regions of Turkey: Middle East, Caspian Region and Russia. This makes Turkey a crucial bridge between energy rich regions and Europe, which spends approximately 300 billion dollars per year for the imported energy resources.

Turkey plays a critical role in national and global energy security. With the expected inauguration of the 1 million bpd Baku-Tblisi-Ceyhan (BTC) oil early next year, approximately 5% of the world's oil supply will flow through Turkey. The Shah Deniz natural gas pipeline, expected to be finished by the end of 2006, will track the BTC route, linking Caspian natural gas resources into Turkey's domestic gas grid. A second gas project currently being developed would transport Egyptian natural gas to Turkey via Jordan and Syria.

Turkey imported approximately 25 billion cubic meter (bcm) of natural gas (NG) in 2005 from Russia, Iran, Algeria and Nigeria (last two LNG). 65% of the gas comes from Russia through western pipelines and Blue Stream pipeline (under the Black Sea). Turkey's NG demand is expected to increase to 39 bcm in 2010, 41 bcm in 2015 and 43 bcm in 2020. Currently, 37% of the gas is consumed by power plants, 33% by the industry, 29% by residential heating and 2% by the fertilizer industry.

One of the major projects in this sector in 2006 will be BOTAS Petroleum Pipeline Company's Underground Gas Storage project near Salt Lake in Turkey. The World Bank approved a loan of US \$325 million to support this Gas Sector Development Project. The gas storage facility will be located in an underground salt formation close to Tuz Gölü, a salt lake in South Central Turkey. The facility, upon completion, will have a storage capacity of about 960 million cubic meters of working gas and 460 million cubic meters of cushion gas (the portion of gas which is required to remain in the cavern to maintain its integrity). The facility will have the capacity to deliver 40 million cubic meters of gas per day up to 20 days and can be refilled at the rate of 30 million cubic meters per day over a period of 25 days.

As part of the liberalization process in the natural gas (NG) market, the Energy Market Regulatory Agency (EMRA) issues licenses for natural gas distribution, storage, trading (import-export or wholesale) to the private sector.

Turkey has signed long term take or pay NG procurement contracts with Russia, Iran, Azerbaijan, Turkmenistan, Algeria (LNG) and Nigeria (LNG). The Turkish Petroleum Pipeline Corporation, BOTAS, announced a tender to transfer these contracts to the private sector. The contracts at the total amount of 16 bcm (in 64 lots) will be transferred to the private sector. BOTAS held a tender at the end of 2005, and received four valid bids for the Turusgaz delivery of 16 lots from Shell, Bosphorus Gas, Enerco and Eurasia Gas. The remaining contracts will be re-tendered in 2006. Further information will be available at www.botas.gov.tr.

Turkey's NG gas grid will be tied to that of Greece with a pipeline under construction. Turkey will also be able to transmit NG of Azerbaijan, Turkmenistan and Iraq to Europe through Austria and Italy. For this purpose, pipelines need to be constructed between Turkey and Austria as well as Italy and Greece.

Almost every city is building its NG distribution pipelines in Turkey. These are new investments made by the private sector under a license obtained from Energy Regulatory Agency (EMRA). Other potential projects are Samsun-Ceyhan and Bosphorus by-pass pipeline projects. Additionally, BOTAS will continue to carry out main transmission pipeline construction tenders.

Best Prospects/Services

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Pipeline equipment, compressor stations, pressure reduction valves, NG meters and SCADA systems. NG Underground Storage Surface Facilities, biogas and bio-diesel technology and equipment will have major prospects in 2006 and the following years.

Opportunities

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Tuz Golu Underground Gas Storage project surface facilities, Samsun-Ceyhan and Bosphorus by-pass pipeline projects and BOTAS' new main transmission pipeline construction tenders.

Resources

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Botas' Web Site:

www.botas.gov.tr

Telecommunications Equipment**Overview**[Return to top](#)

USD Millions	2003	2004	2005 (estimated)
Total Market Size	2,800	3,200	3,700
Total Local Production	1,300	1,400	1,500
Total Exports	450	500	550
Total Imports	1,950	2,300	2,800
Imports from the U.S.	380	450	600

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.4)

Turk Telekom, Telsim, Turkcell and Avea will carry out the major investments in the Telecommunications sector in 2006. Saudi Oger and Telecom Italia having acquired 55% shares of Turk Telekom will take over the management of Turk Telekom and will commence its planned investments of \$3.5 billion over the next 6 years.

Telsim's new investor Vodafone will also start its short-term planned investment of \$1 billion to expand and upgrade its 900 MHz GSM cellular network. Turkcell will continue with its investments in Turkey and abroad. Turk Telekom being one of the major shareholders in Avea, therefore due to changes in shareholders, will also be more aggressive in the market and hence will carry out more investments.

The Telecommunications Authority (TA) had issued licenses for over 40 companies for long distance telecommunications services. Some of these companies are establishing their own networks. If TA can improve the interconnection agreements for these companies, their investment and competitiveness will continue.

Turk Telekom, the incumbent operator will continue to be the major buyer of telecommunications equipment. Push to talk type GSM cell phone sets and new models will have a major market. Over 40 million GSM subscribers keep on growing with a growth rate of over 20 percent. Existing and the new subscribers will purchase new model GSM handsets, which will have new features such as MP player.

The private sector may make major investments on establishment of new fiber-optic networks, VoIP Equipment and Wireless Local Loop networks. Depending on the timing of license tenders, the other best prospect can be the third generation GSM networks. Due to the proximity Turkey has with a liberated Iraq, Turkey can be a hub-market for the telecommunications equipment needed in the Iraqi Reconstruction and improvement of the existing telecom network in Iraq.

Turk Telekom being the incumbent fixed line operator with approximately 20 million subscribers may invest in new technologies in 2006. Turk Telekom plans to expand its ADSL backbone, therefore, will continue to purchase new ADSL equipment.

Best Prospects/Services

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Push to talk GSM handsets, new model GSM handsets with new features, VoIP equipment, ADSL equipment, switches and networks for long distance operators.

Opportunities

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U.S. companies should consider this large telecom market as a hub for the region and consider establishing joint venture companies to supply to the EU markets as Turkey is already in the European Customs Union and a candidate to join the EU. (CE certification is required by the import laws of Turkey to be able to export to the Turkish market.)

Resources

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- Turkish Competitive Telco Operators Association (TELKODER) www.telkoder.org.tr
- Turkish Electronics and IT Industries Association (TESID) www.tesid.org.tr
- Telecommunications Authority's web site: www.tk.gov.tr
- Turk Telekom's web site: www.turktelekom.com.tr
- Turkcell's web site: www.turkcell.com.tr
- Telsim's web site: www.telsim.com.tr
- Avea's web site: www.avea.com.tr

Architecture, Civil Engineering and Construction

Overview

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The construction sector is the third largest sector in Turkey after the food and textile sectors. Many Turkish construction companies carry out both domestic and international projects. The sector is comprised of investments in:

	% in total construction investments
▪ Housing	60%
▪ Construction other than housing	20%
▪ Infrastructure	20%

The construction sector accounts for 6 percent of the country's GDP, but as there are many sub-sectors that complement construction, the total comes to around 30 percent of GDP. The market size of the sector was \$11.4 billion as of the end of 2004.

The sector shrank considerably after 2000, due to the severe economic crises the country experienced. In three years (2001 – 2003), the sector shrank by 5.8, 6.3 and 9.3

percent consecutively, but in 2004, it recuperated with a growth rate of 4.6 percent. 2005 can be considered the “year of revival” when the growth rate of the construction sectors surpassed that of Turkey’s GDP growth.

	Q1	Q2	6 months
2004 growth %	2.9%	0.2%	1.4%
GDP growth %	12.4%	14.4%	13.5%
2005 growth %	16.5%	22.2%	19.7%
GDP growth %	5.3%	3.4%	4.3%

Source: Yapi Merkezi report 2005

There are some factors that have traditionally triggered the growth in the construction sector in Turkey; like population growth, urbanization, renewal of houses not built in line with regulations etc. But alongside these, the Turkish economy is undergoing some structural changes; inflation is down to single-digit numbers (around 8 percent) the interest rates which have historically been very high, are dropping, which creates demand for house loans. The start of the accession talks with the European Union has likewise created a positive atmosphere in the country, encouraging people to make long-term investments. The government has proposed a mortgage law to the Turkish Parliament, which, once passed, is expected to pump up the demand for new houses for years to come.

The total housing stock in Turkey is 16,250,000 units, 83.8 percent of which are within the boundaries of towns and cities. Even when only the registered houses are taken into account, pent-up demand implies a need for 2.5 million new units. By 2010, the population in the towns and cities is expected to increase by 11 million and this will increase the needed number of new houses to 2.9 million. Projections made for 2005 to 2015 state that, on an annual basis, 900,000 houses should be built to meet demand.

Initiatives undertaken both by the government and the private construction companies are focused on closing the gap between the number of houses needed and the current stock. TOKI, the Housing Development Agency of Turkey, is responsible for the administration of new land reserved for building houses targeted to low-to-medium income citizens; the agency is also creating funds for the financing of these buildings. Private construction companies are creating real-estate projects (“site”) for the medium-to high income segments of society.

Other than housing, the private companies are heavily engaged in building industrial and commercial facilities. Compared to the private sector, the government is not very active in construction projects that are not related to housing, except for the construction of hospitals, schools, and infrastructure works. Infrastructure projects were hard hit by the economic crises, but government investments have been increasing since 2004 and there was an increase of 50.5 percent in the first six months of 2005 compared to the same period last year. Total infrastructure-related investments amounted to \$6.230 billion in 2004; this figure is close to the pre-crisis level prior to 2000.

Best Products/Services

- Architectural design services for developing projects, especially luxury tourism installations,

- Civil engineering consulting services for infrastructure projects like railways, bridges, airlines, pipelines, irrigation tunnels, dumps, etc.
- Civil engineering consulting services for urban construction and residential building,
- Mortgage services.

Opportunities

Projects funded by international institutions like the World Bank, U.S. Ex-Im Bank, the European Investment Bank, and the Japanese ICF offer the best prospects for U.S. companies. U.S. ACE firms are highly regarded in Turkey, although they face stiff competition from European and Japanese firms. When possible, U.S. firms should consider joint ventures with Turkish firms to take advantage of low Turkish labor costs and local familiarity with bureaucracy.

Resources

Turkish Contractors Association/The Union of International Contractors

www.tmb.org.tr

TOKI – Housing Development Agency of Turkey

www.toki.gov.tr

Building Materials

Overview

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USD billions	2003	2004	2005 (estimated)
Total Market Size	1.20	1.50	2.10
Total Local Production	4.00	5.96	8.30
Total Exports	4.80	7.35	9.60
Total Imports	2.40	2.89	3.40
Imports from the U.S.	0.34	0.40	0.50

Source: Turkish State Institute of Statistics for actual figures; Yapi Endustri Merkezi 2005 report, CS/Turkey industry contacts and publications for estimates.

Exchange rate used: \$1 = YTL 1.35

Turkey's building industry is promising a very good potential for American building material suppliers with a boom expected in the industry starting from the year 2006, after a long sleep over the last decade. Turkey, identified as one of the ten Big Emerging Markets – BIM by the U.S. Government in the last decade, had been spending the last years with major economic crises one after another. Building industry is one of the most important losers, however, finally seems to be back to life again, with great promises to most American exporters.

This industry is one of the countries widest industries, with nearly 400 active industries/sub-industries. In the last 33 years, Turkish contractors are not limited to just Turkey alone, and have been engaged in more than 3000 projects in 62 different countries, totaling \$60 billion. Building products exports have a 20% share in the total Turkish exports. With the wide employment possibilities provided by the construction industry, it is one of the most important industries in Turkey.

With decreasing inflation and interest rates, extending the payback periods, growing third country markets in Iraq and Afghanistan, aggressive strategies of the Turkish Mass Housing Directorate (TOKI), and especially the prospects of introducing the new mortgage system in the housing industry created a positive atmosphere in the industry. Decreasing interest rates will help the state infrastructure projects to commence. Concurrently, private sector investment is also increasing after a long drought.

Best Products/Services

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Best sales prospects are: flooring, prefabricated wall panels, wall paper, doors, windows, paint, insulation, sanitary wares and plumbing fixtures, prefabricated homes, roofing and siding materials, and earthquake resistant structures/materials, glass, radiators, aluminum building materials.

Opportunities

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Official figures point out a shortage of 690,000 houses in Turkey. The rate of increase in population also indicates a need of 150,000 new houses every year. 20-30 years of payback periods started increasing demand for housing. In the first nine months of 2005, 140,000 people used funding for housing needs. With this increase, the total amount of funding reached \$7 billion in October 2005 from \$2.1 billion in the beginning of 2005. Currently, the GOT is working on the Mortgage Law. Even mentioning the name of the Mortgage seems to become a catalysis for the industry carrying the demand to a boom.

Resources

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Prefabricated Concrete Construction Producers Union

www.prefab.org.tr

Mass Housing Builders Association

www.tokyad.org.tr

The Building and Industry Center - YEM

www.yem.net

Plastics

Overview

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USD Billions	2003	2004	2005 (estimated)
Total Market Size	3.80	4.73	5.45
Total Local Production	1.80	2.03	2.35
Total Exports	1.00	1.10	1.20
Total Imports	3.00	3.80	4.30
Imports from the U.S.	0.13	0.15	0.17

Exchange rate used: \$1 = YTL 1.35

The plastics industry continues to grow at over 12 percent per annum. The Turkish plastics industry relies heavily on imported down-stream petrochemical components and foreign technologies to manufacture finished plastic products for the domestic and Central Asian markets. Plastic consumption in Turkey is 3 million metric tons, making Turkey the sixth largest consumer in Europe. Over six thousand companies are engaged in the plastics industry, most businesses are engaged in either the packaging or the building materials industries.

Turkish consumption of the 3 million tons is broken down as follows: PP 26%, PVC 16%, LDPE 15%, HDPE 9%, PS 9%, PETF 8%, Engineering Plastics 8%, and other 9%

Consumption of plastics in various industries are given below:

- Packaging: 36%
- Building: 23%
- Agriculture: 6%
- Textiles and shoes: 4%
- Electrical Appliances: 10%
- Automotive: 4%
- Other: 17%

Best Products/Services

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plastic packaging materials, plastic toys, plastic fasteners, plastic sucked fabric, and plastic slabs

Opportunities

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Plastics and chemical companies will continue to find a niche in packaging materials, building products (especially sanitary wares), and the growing automotive industry. Most importantly, Turkey has one petrochemical production facility that is state-owned, PETKIM, and in the process of privatization. PETKIM meets the 25% of the total demand in the country.

Resources

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Turkish Plastic Industrialists Research, Development and Education Foundation
www.pagev.org.tr

Automotive Parts and Equipment

Overview

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USD Million	2003	2004	2005 (estimated)
Total Market Size	5,794	8,821	9,000
Total Local Production	4,280	5,300	5,750
Total Exports	2,390	3,046	3,750
Total Imports	3,904	6,567	7,000
Imports from the U.S.	42	50	60

Exchange Rate used: \$1 = YTL 1.35

Note: The above statistics are unofficial estimates.

The Turkish automotive parts/service equipment industry has expanded as Turkish automotive production and imports have increased. Year 2004 was a record year in production, exports, and sales. Exports continue the same trend in 2005, however the domestic market does not increase that aggressively this year. Today Turkey produces spark plugs, carburetors, fuel injection systems, and several transmission parts. The sector provides parts to the new vehicles as well as the existing automobile fleet exceeding 8.3 million units. Of the 8.3 million automobiles on Turkish roads, nearly 31 percent are commercial vehicles.

Currently, share of locally manufactured parts in the production of OEMs is around 40%. Parts manufacturers chose the way to be more aggressive in the export markets, in the last three years, due to the two major economic crisis resulting in shrinking local market, and they were successful. Currently, 51% of the local parts production is exported.

Best Products/Services

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Tires, brake linings, gearboxes, and clutches are the major imported items in the parts industry. Generally, imported parts are used in supplying imported vehicles, to OEMs for vehicles to be exported, or where there is no local production, such as for CV drive shafts, catalytic converters and tapered roller bearings. Imports are also found where production shortages occur. Examples include power steering hydraulic systems, bearings, and v-belts. Parts, which need to be replaced frequently because of poorly maintained roads, heavy traffic, traffic accidents, and poor fuel quality, can also be considered as "best prospects." Examples include: shock absorbers, brakes, clutches, rings, filters, bumpers, lights, and signaling equipment to name but a few.

Opportunities

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As Turkey continues to move towards European Union integration, equipment meeting stricter EU guidelines from emission control to automobile safety and standards tests, will equate to increased sales of advanced auto parts.

Resources

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Automotive Distributors' Association

www.odd.org.tr

Automotive Industry Association

www.osd.org.tr

Vehicle Sellers' Association

www.oyder.tr.com

Auto Parts Association

www.taysad.org.tr

Medical Equipment and Technologies

Overview

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USD Millions	2004	2005 (estimated)
Total Market Size	2,800	3,000
Total Local Production	NA	NA
Total Exports	278	380
Total Imports	2,211	1,800
Imports from the U.S.	345	390

Source: State Statistics Institute, CS/Turkey industry contacts, and industry association estimates.

Exchange rate used: New TL 1.4 = \$1

Turkey, having a population of 70 million people, is a growing market for the medical products and services sectors. In fiscal year 2005, US\$ 4.02 billion was allocated to the Turkish Ministry of Health by the Government of Turkey (GOT). The Ministry of Health (MOH) budget for FY 2005 showed a 15.07% increase compared to that of FY 2004. The Ministry's budget stood at around 1.13% of the Gross National Product in 2005. Additionally, in FY 2005 consolidated budget, the GOT, allocated US\$ 2.552 billion to spending on healthcare, for the purchase of goods and services.

More than 60 % of the health expenditures are devoted to medical services alone, while medical devices constitute a smaller portion of the total overall health expenditure budget. Major health services are provided by both public and private hospitals.

Approximately 40% of in-patient and 56% of the outpatient expenses are financed by the public sources.

There is a strong trend of privatization in Turkey's health sector - although a high percentage of total hospital bed capacity is provided by government agencies. A larger number of private hospitals being built offers increased sales opportunities and less complicated procurement requirements vis-à-vis the often-confusing tender requirements of established by government agencies.

The Republic of Turkey has a number of specialist private care facilities operating on cardiovascular care, OBGYN, orthopedics and minimally invasive outpatient ambulatory procedures. A number of private hospitals are procuring angio-cath, radiological equipment and advanced surgical and life support technologies.

Best Products/Services

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Disposable products, advanced med/surg equipment including angio-cath facilities, radiology, pathology, electronic diagnostic equipment, optical devices, parts and components of the medical devices, electronic instruments and appliances for physical and chemical analysis, vaccines, orthotic and prosthetic equipment, OR/ER systems.

Opportunities

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Turkish Medical Devices and Services Industry is growing at a fast pace. The total bed capacity is expected to be 200,000 by the end of 2005, which has increased more than 10% compared to that of year 2003. Privatization and transformation of the healthcare system and the ongoing hospital projects of the Ministry of Health will also bring export opportunities. As Turkey continues to expand the number of private hospitals, the purchase of advanced medical equipment will continue. The Commercial Service in Ankara works closely with several private hospitals, the Ministry of Health, local associations and medical device manufacturers in identifying supply sources for their equipment needs.

Resources

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U.S. Department of Commerce market research: <http://www.export.gov/marketresearch.html>

Export Promotion Center Of Turkey (IGEME)
<http://igeme.org.tr>

Ministry of Health
<http://www.saglik.gov.tr>

Health Industry Employers' Association (SEIS)
<http://www.seis.org.tr/>

State Institute of Statistics
<http://www.die.gov.tr/>

Information Technologies-Hardware and Software

Overview

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USD Millions	2004	2005	2006 (estimate)
Total Market Size	4,200	4,500	5,175
Total Local Production	1,000	1,048	1,100
Total Exports	135	180	230
Total Imports	3,200	3,452	4,075
Imports from the U.S.	650	800	1000

Exchange Rate used: \$1 = 1.350 YTL (New Turkish Lira)

Note: The above statistics are unofficial estimates.

Turkey's Information Technology market (IT) size is \$4.5 billion in 2005. This figure is expected to reach nearly \$ 5.58 billion by the end of 2006 with a market increase of about 15%. With over 6 million personal computers in Turkey and 5 million internet users (unofficial figures double of this figure), pc sales still the main driver for gross sales. Total ICT (including telecom) market is estimated at \$ 13.8 billion.

The Turkish ICT market is expected to grow significantly as regulations decrease and competition increases with Turkish Telecom's privatization. The privatization awaits a court decision expected ruling in favor of the privatization early 2006. Industry contacts have a consensus that the next big market opportunity for ICT firms in Turkey is wireless broadband internet and applications, accessories thereof. Hot spots in airports, café's and other public locations are in the rise. Wireless connectivity devices such as PCMIA cards, blue tooth hardware, edge technology, GPRS, internet via satellite are increasing in popularity and thus sales. Wireless connectivity is also boosting notebook pc sales as people seek mobility and connectivity at the same time.

Although E-signature applications are expected to be the next step in Turkish IT circles in 2005, this was unfortunately not the case. The E-signature law had passed in 2003 but firms and the general public is slow in adapting this new way of doing business. The Turkish Government has not yet pushed this technology and hence the usage is extremely low and the general public does not have a basic understanding of the issue. Estimates were that e-signature users would reach 8 million in five years, now this estimate seems over optimistic. Implementations of e-signature range widely from selling and buying property, signing leases and contracts using e-signature. The Turkish Government is still expected to launch media attention for the public awareness of the e-signature.

Best Products/Services

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Wireless equipment / services
Notebook PC's

ADSL modems small home / business routers
Network security appliances
Professional custom tailored software
Digital cameras, accessories
Portable data storage
Cell Phone accessories

Opportunities

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The Government of Turkey (GOT) will be looking to continue developing E-public administration hardware and software systems, which would include the Prime Ministry's goal of increasing WAN/LAN and WI-MAX networks to local and regional government offices and facilities in rural Turkey, upgrading computers in schools, and significantly increasing the IT infrastructure used by the federal, regional and local governments.

Resources

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Turkish Data-Processing Industrialists' Association

www.tubisad.org.tr

www.bthaber.com.tr

Agricultural Sectors

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Companies producing and exporting agricultural commodities or processed foods can visit the website of the U.S. Department of Agriculture at <http://www.fas.usda.gov/hotpages/default.asp?lstCode=TU&submit=Submit+Query> or <http://www.usemb-ankara.org.tr/FAS/FAS.HTM>

(all figures in '000 metric tons; Calendar years)

COTTON

Year	2004	2005 (Jan.-July)
Total Exports	47.8	20.8
Total Imports	579.5	500.3
Total Imports from U.S.	336.1	336.9

Turkey's has become the second largest market for U.S. cotton in the world. Turkey's textile industry remains important to the economy. U.S. Cotton has a very good reputation in Turkey, and strong U.S. exports in the current year reflected this. Competitive, low prices also helped the U.S. to capture a larger share of the market. Turkey is expected to remain a significant importer as some farmers continue to shift into more profitable commodities like wheat.

SOYBEANS

Year	2004	2005 (Jan.-July)
Total Exports	1.5	0
Total Imports	655.7	705.3
Total Imports from U.S.	303.2	371.5

The industry has invested in modern crushing facilities and is seeking to expand capacity. The recent out break of Avian Influenza has hurt the local poultry industry. Even though the industry is slowly recovering from the adverse effects of the outbreak, soybean consumption is expected to be lower in 2006 compared to 2005, but it will eventually continue to increase in year 2007 and after. A rising awareness of the soybean's utility in "healthy foods", and American Soybean Association marketing programs help drive demand in Turkey. The food-processing sector is becoming more aware of how soybean products can be used in food items and is looking at incorporating new products like soy flour.

SOYBEAN MEAL

Year	2004	2005 (Jan.-July)
Total Exports	15	13.4
Total Imports	451	464.4
Total Imports from U.S.	161.8	262.8

Soybean meal consumption continues to increase in response to demand from Turkey's poultry industry. Local production has increased in recent years, as crushing capacity has grown. Full fat soya has become very popular among local poultry producers and a number of companies have installed or are in the process of installing new crushing facilities.

Corn oil		
Year	2004	2005 (Jan.-July)
Total Exports	155	12
Total Imports	90	66.3
Total Imports from U.S.	63.8	47.2

Demand for vegetable oils continues to outpace production. As a result, Turkey imports large quantities of crude vegetable oils (sunflower oil, corn oil, and soy oil) to refine for domestic consumption and its export markets, which include the Middle East, Russia, the NIS, plus North Africa. The United States is the largest corn oil supplier.

CORN

Year	2004	2005 (Jan.-July)
Total Exports	10.5	1.5
Total Imports	1,029.7	190.4
Total Imports from U.S.	678.4	14.9

Domestic corn production has increased significantly during the last couple of years. As a result, Turkish imports have decreased even though the demand for corn has increased in recent years. Corn consumption is expected to increase as a result of increased demand for starch and high fructose corn syrup as well as increased corn feeding for ruminants as a result of lower corn prices with respect to other feed ingredients, such as wheat, barley, etc. Tariff rate, which is 130 percent now, used to be seasonally reduced in the past to decrease the cost of imports and feed after domestic production is sold out. It may not be reduced this year since Turkey is not expected to import large quantities due to large production.

TALLOW

Year	2004	2005 (Jan.-July)
Total Exports	.141	.086
Total Imports	111.2	82.2
Total Imports from U.S.	107.2	82.2

Turkey's markets for processed soaps include the traditional Middle Eastern and North African markets, as well as newer markets in the Former Soviet Union and Eastern Europe. The United States is the largest tallow supplier to Turkey.

Soybean Oil

	2004	2005 (Jan.-July)
Total Exports	3.5	1.7
Total Imports	75.3	78.3
Total Imports from U.S.	0	8

Demand for soybeans and soybean oil will continue to rise as bio-diesel production in Turkey grows.

RICE

Year	2004	2005 (Jan.-July)
Total Exports	.946	.387
Total Imports	154.4	226.6
Total Imports from U.S.	25.7	98.0

Turkey remains a good market for U.S. rice. Calrose is the preferred U.S. rice, but smaller amounts of long-grain rice also are available. The Turkish market is price sensitive and the Turkish preference for U.S. rice is a matter of value as well as consistency of quality. Some importers have set up offices in California to establish direct relationships with producers. The United States is the second largest supplier of rice to Turkey. Turkey's rice production has been increasing in recent years as a result of good domestic prices. As a result, Turkey's need to import rice may decline in the short term unless the demand increases more than the supply.

Industry Contacts

Turkish Farmers Union

www.tzob.org.tr

Turkish Dairy, Meat, Food Industry and Producers Union

www.setbir.org.tr

Poultry Industrialists' and Breeders Association

www.besd-bir.org

Flour Millers' Federation

<http://www.usf.org.tr/site/>

Turkish Feed Millers Association

www.turkiyeyembir.org.tr

Turkish Seed Industry Association

<http://www.turkted.org.tr/>

Union of Pasta Producers

www.makarna.org.tr

Federation of Food Associations

www.gdf.org.tr (Insert text here)

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Import Tariffs

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Import duties are calculated on the CIF value. Turkey is a signatory to Article VII of the General Agreements on Tariffs and Trade (GATT). The agreement stipulates that the customs valuation is the transaction value (the price that is actually paid or payable plus costs and expenses). Turkey is also obliged to comply with other Article VII provisions including the rapidity of clearance of goods, currency convertibility, and appeal privileges and rights. Turkish regulations do not allow for advance rulings on customs HS classification or on the applicable import duties on particular products.

Customs surcharges including a value-added tax (VAT) being levied on most imported, as well as domestic, goods and services. The importer is responsible for paying the VAT. The VAT is calculated on a C.I.F. basis plus duty rate and any other applicable charges levied before the goods clear customs. It has a ceiling of 26 percent; however, most industrial products are charged a rate of 18 percent and pharmaceuticals, staple foods, books/publications, education/training services, and health care (human and vet) including ambulance and emergency services are assessed an eight percent VAT. Most agricultural products (basic food) are subject to one percent VAT. Capital goods, some raw materials, imports by government agencies and state owned enterprises, and products for investments with incentive certificates are exempt from import fees. Information on Turkish Customs procedures and regulations can be seen at www.gumruk.gov.tr.

U.S. companies can also calculate the Turkish duty by visiting www.gumruk.gov.tr and in English review Turkey's Harmonized Tariff Schedule by commodity, chapter or sub heading.

Trade Barriers

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On December 17, 2004 the European Commission announced intentions to begin EU accession proceeding with the Republic of Turkey beginning sometime in late 2005. The

move towards EU membership is expected to take between ten and fifteen years. Prior to beginning its move towards EU accession, on January 1, 1996, Turkey and the European Union (EU) formed a customs union. The agreement covers industrial products and processed agricultural goods. The Republic of Turkey adopted the EU's common external tariff (CCT), resulting in lower duties for imports from third countries, including the United States. The union establishes zero duty rates and no quotas for non-agricultural items of EU and European Free Trade Association (EFTA) origin. The current import regime is organized in five chapters that list more than 20,000 items, identified with 12 digit harmonized tariff system numbers.

The Government of Turkey (GOT) estimates that as a result of its accession to the European Customs Union, the average duty rate for imports from the European Union and EFTA countries has dropped from approximately ten percent to zero. For products imported from third countries, including the United States, the average duty rate has dropped from ten percent to approximately five percent. Turkey has reserved some exempted categories for sensitive products with tariffs on these items generally much higher than the CCT. Some agricultural goods will remain protected by steep tariffs until the next WTO round is concluded. When the European Union applies further Uruguay Round reductions, Turkey's average rates for third countries (including the U.S.) will be lowered to 3.5 percent.

Turkey is a member of GATT/WTO and regulates its customs practices in line with GATT requirements. In 1989, Turkey, along with the United States, converted to the new GATT Harmonized System. While generally in compliance with the WTO agreement, Turkey has exceeded its annual export subsidy limits for sugar and wheat in the past. In the current year, Turkey has exceeded its limits for barley. Turkey regularly fails to notify the WTO of changes to import requirements. Application of non-tariff barriers also poses problems for agricultural products such as wheat and bananas. Maintenance of high import duties on agricultural products, while consistent with WTO obligations, is not consistent with the spirit of the WTO agreement. Turkey's failure to establish protocols for the importation of all meat products (except for breeding cattle-beef and dairy), effectively banning all imports is in violation of WTO obligations.

Import Requirements and Documentation

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IMPORT LICENSES

The 1996 Turkish import regime abolishes the requirement that every importer needs an import license and that the importer must obtain an import authorization from a bank. An importer only needs a tax number to import all but restricted items, e.g., firearms, hazardous materials, etc., which can be imported only by authorized establishments, or for which the approval of the Directorate General of Security is required. Agricultural imports, though, often do require import licenses and control certificates. The Ministry of Agriculture and Rural Affairs issues certificates.

IMPORT DOCUMENTATION

Turkish documentation procedures require a commercial invoice, a certificate of origin and a bill of lading or airway bill to accompany all commercial shipments. Import

licenses and phytosanitary certificates are necessary for food and agricultural commodity imports.

Commercial Invoice: The commercial invoice must be submitted in triplicate, including the original copy; and must contain a complete description of the goods and all required payment terms. The exporter must endorse the original as follows: "We hereby certify that this is the first and original copy of our invoice, the only one issued by our firm for the goods herein mentioned." The Turkish Embassy or Consulate in the United States must certify the document. At least one copy of the invoice should accompany the goods, and the original should be sent to the importer through the correspondent bank.

Certificate of Origin: The certificate of origin is to be prepared in duplicate. No corrections are permitted on this document, which is to be prepared in English by a local chamber of commerce. The Turkish Embassy or Consulate in the United States must certify the certificate of origin. One copy of the document must be surrendered to the customs authorities at the time of importation.

Bill of Lading/Airway Bill: Details in the bill of lading should correspond exactly to those given in other shipping documents.

Proforma Invoices: The proforma invoice must not be more than six months old at the time of application. It must contain an unexpired option (if appropriate), indicate freight and insurance charges separately, and bear the importer's name.

Products falling under the European Union New Approach Directives must be accompanied by either a self-declaration of conformity or a notified body's issued certificate of conformity to be allowed entry into the Turkish market. Please see the **standards and CE mark section below.**

Health Certification

Special health certificates are required for imports of plants, seeds, animals and animal products. Plants, including fruits and vegetables, must be substantially free from pests and diseases and must have been grown in an area substantially free from prohibited pests and diseases. Additional information may be obtained from the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) at Tel: (301) 734-7885 or Fax: (301) 734-6402 (Veterinary Services) and Tel: (301) 734-8537 or Fax: (301) 734-5786 (Plant Protection and Quarantine). APHIS inspects and certifies that plants, plant products and live animals conform to health and sanitary requirements as mandated by the Turkish government. U.S. exporters are encouraged to obtain information from the importer prior to shipment because of the complexity of phytosanitary regulations.

Special Import Requirements

Alcohol can be imported by the private sector by obtaining license and permission from the Tobacco, Tobacco Products and Alcoholic Drinks Market Regulatory Authority (TAPDK), which is an independent regulatory body. Despite these changes, non-tariff barriers, arduous document requirements, and high duty rates continue to limit trade in alcoholic beverages. Cigarettes can only be imported by TEKEL and cigarette producers, which are permitted by the government under a special decree (such as

Philip Morris, RJ Reynolds, British Tobacco, etc.). The Tobacco Law was enacted in 2001, however privatization of Tekel's tobacco production has yet to be completed. X-ray film can only be imported by the Red Crescent Association (sister organization to the Red Cross). Precious metals and stones, excluding diamonds, can only be imported by commercial banks authorized by the Central Bank (Decree No. 93/4143, March 21, 1993).

Importing products such as pharmaceuticals; organic chemicals, especially those used to produce medicines and medical products; vaccines for both humans and animals; cosmetic products; chemicals used in cleaning and the food industry; live animals and plants; grains and plant seeds; and hormones require import permission certificates from the Directorate General of Curative Care Service of the Ministry of Health and Agriculture.

Products requiring after-sales service such as motor vehicles, household electrical goods, office equipment and computers, cash registers, TV and video equipment, heaters, gas-fired burners, industrial machinery, automobiles, and wireless equipment require an import permit from the Ministry of Industry and Trade. In order to obtain such a permit, importers must guarantee that they will provide service and spare-parts in each of Turkey's seven geographic regions, either by establishing offices or by signing agreements with existing service/parts firms. In July 2001, the GOT codified a regulation, which requires additional maintenance facilities to be established for companies importing automobiles into the Turkish Republic.

Telecommunications equipment such as all wireless equipment, automatic data processing machines, electrical apparatus for line telephony or telegraphy, and telephone answering machines need type-approval of the Telecommunications Regulatory Authority.

Under a regulation published in the Turkish Official Gazette of February 1, 1996 (No. 22540-supplementary issue), which discusses certain compulsory standards for about 70 products, importers are required to obtain a control certificate from the Ministry of Environment for materials considered detrimental to the environment. Such materials include hard coal, lignite, petrocake, petroleum, arsenic, mercury, lead sulfides and carbonates, fluorocarbons, other chemicals and scrap metals.

U.S. Export Controls

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U.S. Export Controls

The Bureau of Industry and Security is charged with the development, implementation and interpretation of U.S. export control policy for dual-use commodities, software, and technology. Dual-use items subject to BIS regulatory jurisdiction have predominantly commercial uses, but also have military applications. In order to accomplish this objective, BIS seeks to promulgate clear, concise, and timely regulations. This section of our Web site provides a link to the Bureau's regulations governing exports of dual-use items (the "Export Administration Regulations"), codified at 15 Code of Federal Regulations, Chapter 7. It also provides discussions of certain key regulatory policy areas, including policies governing exports of high performance computers, exports of encryption products, deemed exports, U.S. antiboycott regulations, special regional

considerations, the multilateral export control regimes, and the technical advisory committees.

In addition to the U.S. export control policy for dual-use items, the Bureau of Industry and Security is also charged with the development, implementation and interpretation of the antiboycott provisions of the Export Administration Act. The antiboycott provisions encourage, and in some cases require, U.S. persons to refuse to participate in foreign boycotts that the United States does not sanction. U.S. persons are also required to report receipt of boycott-related requests.

Key Regulatory Areas

[High Performance Computers](#)

[Encryption](#)

[Deemed Exports FAQ's](#) | [Process Improvements and Guidance](#)

[Antiboycott Regulations](#)

[Regional Considerations](#)

[Multilateral Export Regimes](#)

[Technical Advisory Committees](#)

[Wassenaar Arrangement](#)

Export Administration Regulations

The Government Printing Office's [Export Administration Regulation Web site](#) contains an up-to-date database of the entire Export Administration Regulations (EAR), including the Commerce Control List, the Commerce Country Chart, and a link to the Denied Persons List. EAR revisions are incorporated into this site within 48-72 hours and the EAR can be viewed, downloaded, and searched. This Web site also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, users can subscribe to GPO's paper version of the EAR from this Web site. Lastly, users can e-mail the Regulatory Policy Division directly from this Web site, to get answers to general questions about the EAR. Users can also attach a properly formatted advisory opinion (See Section 748.3c for the proper format) and forward it to BIS by e-mail.

The NTIS [EAR Marketplace](#) Web site also offers an up-to-date searchable EAR database and files that are downloadable and viewable. In addition, the EAR Marketplace has a combined, downloadable and searchable version of the Denied Persons List, the Entity List, the Debarred List, and the Specially Designated Nationals List. Subscribers to the EAR on-line database are notified by email whenever a change occurs to any of these lists. The EAR Marketplace also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, NTIS offers a loose leaf/paper version of the EAR, which can be ordered on-line.

Turkish Export Controls Information

The export of sensitive and dual-use materials covered by various international non-proliferation agreements and arrangements to which Turkey is a party, is controlled by a two-tier mechanism which involves licensing by the Ministry of National Defense (MND) and registration by the Undersecretariat for Foreign Trade (UFT) through the appropriate

exporters' union. Law No. 3763, of 1940, "The Control of Private Industrial Enterprises Producing War Weapons, Vehicles, Equipment and Ammunition," requires a MND license for the export of all weapons and ammunition as well as the materials used for the production of weapons and ammunition. Sporting and hunting rifles are exempt from MND licensing. The second tier, UFT control via registration, was promulgated via Decree number 95/7623 in December 1995. As a part of the over all process, MND consults with UFT regarding proposed export sales.

All exporters are required to be a member of one of the 13 exporters' unions in Turkey. Sensitive goods, technology and dual-use materials are registered by the Istanbul Metals and Minerals Exporters' Union (IMMIB) thereby creating a centralized mechanism monitoring the export company, product, quantity, and value. It is IMMIB that determines whether the intended export items require MND licensing and provides the UFT registration. It is UFT's role to draft the general export policies and to monitor and control the overall trade control process.

Temporary Entry

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Goods may be temporarily imported into Turkey without payment of duties and tax if they are to be used in the production or manufacture of a product that is to be exported. The importer gives security in the form of a bank guarantee (temporary import bond) in the amount of applicable duties and taxes. Upon exportation of the finished product, the guarantee is remitted. Temporary admission of goods intended for re-export in their original form is permissible free of import duties and taxes with the approval of the Undersecretariat for Foreign Trade.

Turkey is a signatory to the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material. Samples of no commercial value are admitted duty-free. Other samples are assessed duties and taxes at the time of import, but these are refunded if the samples are re-exported within six months from the date of import. A letter of guarantee will be provided to Turkish Customs for a temporary import, with the guarantee being returned at the time of re-export. Samples should be listed on an invoice. Books, newspapers, magazines, catalogs, pamphlets, brochures, and similar advertising materials are exempt from customs duty.

U.S. traders may also wish to consider a more simplified procedure in the form of an "ATA Carnet." Carnets are international customs documents permitting the holder to temporarily import products as samples without paying customs duties or posting bonds. Virtually all goods, personal and professional, including commercial samples, professional equipment, goods intended for use at trade shows and exhibitions, computers, tools, cameras and video equipment, industrial machinery, automobiles, apparel and even jewelry are covered under a carnet.

The reader may wish to check the "General List" to see if the goods are covered by ATA Carnet guidelines or call the Carnet-Help-Line at (800) 5-DUTYFREE or visit the web site www.uscib.org for clarification. Normal processing of an ATA Carnet is five working days; expedited service is available at an extra charge. In the United States, carnets are sold by the U.S. Council for International Business and Roanoke Trade Services at the following locations: New York, NY, (212) 708-5078; Long Beach, CA, (800) 421-9324 or (562) 628-9306; Schaumburg, IL, (800) 762-6653 or (847) 969-8211; San Francisco, CA

(800) 255-4994 or (415) 732-5480; Miami, FL (also serves Houston) (800) 468-5467 or (305) 593-5583; Hunt Valley, MD (800) 422-9944 or (410) 771-6100 x 12; Boston, MA (800) 233-3620 or (617) 368-9907; and Houston, TX (pick up site only) (800) 456-0422 or (713) 582-6464 x 102.

With the carnet, goods may be imported without payment of duties and taxes. Carnets are valid for one year and may be used for multiple exports and entries to countries that accept the Carnet.

Labeling and Marking Requirements

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All packages, cases, and bales must bear shipping marks, numbers, dimensions, and the gross weight of the merchandise. Packages along with accompanying bills of lading for goods to be shipped through Turkey must be marked "In Transit." All goods entering Istanbul or any other entry port in Turkey (Ankara, Iskenderun, Izmir, Antalya, Mersin, Sinop, Samsun, and Trabzon) will be cleared through customs, and full payment of duty will be required unless the packages and bills of lading are marked "In Transit." If so marked, the goods may be cleared for entry and reshipment.

Prohibited and Restricted Imports

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Products currently prohibited include weapons and narcotics. However, under certain conditions the Ministry of the Interior, Security General Directorate will provide clearance to import shotguns, hunting rifles, and explosives.

A list of all prohibited or restricted products for Turkey can be viewed at the Turkish Customs Service Website at www.gumruk.gov.tr.

Customs Regulations and Contact Information

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The Turkish Customs can be reached via www.gumruk.gov.tr.

Standards

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Overview

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The Government of Turkey's Undersecretariat for Foreign Trade announced the implementation of twenty-three European Union industrial directives, which would affect an estimated 70% of the manufactured products imported into Turkey. The Undersecretariat for Foreign Trade has adopted the EU's Low Voltage Directive, the Simple Pressure Vessels Directive, the Gas Appliances Directive, the Hot Water Boilers Directive, the EMC, the Machinery Directive, the Civil Explosives Directive, the Weighing Instruments Directive, the Equipment and Protective Systems Intended in Explosive Atmospheres Directive, the Lifts Directive (elevators), the Household Refrigerator/Freezer Directive, the Pressure Equipment Directive, the Noise Emission Directive, the Energy Efficiency for Ballast for Fluorescent Lighting Directive, the Active Implantable Medical Device Directive, the Medical Device Directive, the In Vitro Diagnostics Device Directive, the Toy Directive, the Recreational Water Craft Directive, the Construction Equipment Directive, the Personal Protective Equipment Directive, the Radio and Telecommunications Terminal Equipment Directive and the Cableway Directive (ski lifts and gondolas).

Equipment meeting the directive definition of products needing to conform to EU technical regulations must have evidence of meeting the requirements either through verified laboratory testing conducted by an EU approved notified body or by manufacturer's self-declaration if the directive dictates. Companies selling to the Turkish market must submit evidence of conformity (CE Mark) either by providing a notarized/consularized conformity certificate from a notified body or a manufacturer's issued certificate of conformity, which declares compliance of all relevant directives.

The CE Mark was established by the European Union to ensure the free circulation of products in Europe. The directives that were entered into effect under a system called the "New Approach," were established to ensure, health and safety, consumer and environmental protection. The "New Approach" identifies level of risk and hazard. Annexes to the various EU directives will specify levels of risk and types of products that would need to be either certified by a notified body or if the product can be certified by the manufacturer as conforming to the particular directive(s). The EU's laws and regulations made it compulsory to comply with the directives when goods are sold in the territory of the European Union and the European Economic Area (EEA). Companies must show evidence of product compliance by maintaining or presenting a technical file that includes product specifications, technical drawings and standards applied per the appropriate directives and corresponding annexes.

Standards Organizations

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The Turkish Standards Institute is responsible for issuing compliance certificates with respect to Turkish standards.

Türk Standartları Enstitüsü (TSE)
Necatibey Caddesi 112
Standart Hazırlama Başkanlığı
06100 Bakanlıklar
Ankara, Turkey
Tel: [90] (312) 417-0020
Fax: [90] (312) 425-4399
Web site: www.tse.org.tr

CE Mark Enforcement

The Government of Turkey (GOT) has directed the Turkish Customs Service (www.gumruk.gov.tr) to ensure that all imported products that fall within a particular EU industrial directive must show conformity to the standard. The GOT has further announced that its domestic industry would also need to meet the CE Mark requirements, even though a time line for CE mark implementation in Turkey is not yet known at this time.
(Insert text here)

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual member state country in this list by the European Commission <http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>. To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs.

For products falling outside of the scope of the European Union New Approach Directives and where the Government of Turkey has established a directive or standard, then that standard or directive would apply. At this point, certification of compliance with TSE standards would be required. Turkish Standards Institute contact information is provided below in the website portion of this chapter.

Product Certification

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To sell their product to Turkey, the EU as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

In the 1980s, the New Approach was launched to overcome the lengthy adoption process of “old approach” type legislation. The goal of the European Union's harmonization program under the New Approach is to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards, but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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The independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the United States to EU specifications, and vice versa. The costs will be significantly lower and U.S. products will, as a result, become more competitive. At this time, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force). This link lists to American and European Conformity Assessment bodies operating under a mutual recognition agreement <http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>. Accreditation is handled at member state level. “European Accreditation”

(www.european-accreditation.org) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58. At this time, the Government of Turkey has applied for the Turkish Standards Institute (TSE) to be accredited as a notified body. The Turkish Standards Institute is the accredited authority in the Republic of Turkey for all matters related to ISO, EN ISO and TSE standards and directives.

Publication of Technical Regulations

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The Turkish Standards Institute publishes all Turkish standards and directives and documents are available for purchase.

Türk Standartları Enstitüsü (TSE)
Necatibey Caddesi 112
Standart Hazırlama Başkanlığı
06100 Bakanlıklar
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Fax: [90] (312) 425-4399
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Labeling and Marking

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All packages, cases, and bales must bear shipping marks, numbers, dimensions, and the gross weight of the merchandise. Packages along with accompanying bills of lading for goods to be shipped through Turkey must be marked "In Transit." All goods entering Istanbul or any other entry port in Turkey (Ankara, Iskenderun, Izmir, Mersin, Sinop, Samsun, and Trabzon) will be cleared through customs, and full payment of duty will be required unless the packages and bills of lading are marked "In Transit." If so marked, the goods may be cleared for entry and reshipment.

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www.gumruk.gov.tr

Trade Agreements

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The EU confirmed Turkey's status to be accession negotiations on 17 December 2004. Turkey continues to reap the benefits of its 1996 customs union agreement with the EU, particularly in terms of improved economic efficiency. The customs union commits Turkey to adopt the EU's common external tariff and a commercial policy "substantially similar" to that of the EU, including adoption of the EU's preferential trade regime with third countries. Turkey has already signed Free Trade Agreements with the EFTA member countries and is in the process of finalizing agreements with the other EU applicant countries.

Turkey is a founding member of the Black Sea Economic Cooperation (BSEC) in which the governments of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and the Ukraine are nurturing multilateral cooperation among the members on a number of issues including trade. Turkey, along with Pakistan and Iran, is a founding member of the Economic Cooperation Organization (ECO). ECO, whose membership beyond the founders includes Afghanistan, Azerbaijan, Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan and Kazakhstan has had limited success in improving trade cooperation. Turkey is a founding member of the Southern Europe Cooperative Initiative (SECI); a regional association aimed at encouraging cooperation among its member states on a variety of issues including customs, transportation and anti-crime efforts. SECI member states include Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Greece, Hungary, the Former Yugoslav Republic of Macedonia, Moldova, Romania, Slovenia and Turkey.

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U.S. Embassy and U.S. EU Mission Contacts

The United States Embassy's Commercial Section has been assisting U.S. companies, which meet EU directives conformity, in having products clear Turkish Customs as expeditiously as possible. The Commercial Section is also working to have the Government of Turkey accept CE conformity certification from U.S. corporations or U.S.-based Notifying Bodies, without having U.S. companies face additional bureaucratic delays at customs and additional testing at the Turkish Standards Institute. For additional assistance in managing the new CE Mark regulations in Turkey, please contact Commercial Specialist Ozge Cirika at Ozge.Cirika@mail.doc.gov.

For additional information on the European Union Directives and European standards, please contact:

U.S. Mission to the E.U.
Foreign Commercial Service
Rue Zinner 13
B - 1000 Brussels, Belgium
Fax: 32 2 513 1228
Gwen B. Lyle – Standards Attaché
Tel: 32 2 508 2674
gwen.lyle@mail.doc.gov
Sylvia Mohr – Standards Specialist
Tel: 32 2 508 2675

CE Websites

http://www.ita.doc.gov/td/tic/ce_mark/ceindex1.htm
<http://ts.nist.gov/ts/htdocs/210/ncsci/export-eu.htm>
www.buyusa.gov/europeanunion
http://europa.eu.int/comm/enterprise/index_en.htm
www.newapproach.org

Standards Websites

www.cenorm.be

www.cenelec.org

www.etsi.org

www.ansi.org

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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The Government of Turkey (GOT) views foreign direct investment as vital to the country's economic development and prosperity. Accordingly, Turkey has one of the most liberal legal regimes for FDI in the OECD. With the exception of some sectors (see below), areas open to the Turkish private sector are generally open to foreign participation and investment. However, all investors – regardless of nationality – face a number of challenges: excessive bureaucracy, weaknesses in the judicial system, high and inconsistently collected taxes, weaknesses in corporate governance, sometimes unpredictable decisions taken at the municipal level, and frequent, sometimes unclear changes in the legal and regulatory environment. Historically, investment has also been discouraged by high inflation and political and macroeconomic uncertainties.

As a result, FDI inflows have historically been far below levels received by more investor-friendly emerging markets. Along with the GOT's far-reaching economic reform program, which is supported by the World Bank and IMF, the EU accession that was launched in 2005 has begun to address some of the structural impediments to FDI.

Regulations governing foreign investment are, in general, transparent. Turkey provides national treatment, including in the acquisition of real estate by foreign-owned corporate entities registered under Turkish law, and not have an investment screening system (only notification is required). In 2005, the Constitutional Court ruled unconstitutional legislation enabling property acquisition by non-Turkish individuals. However,

Parliament is considering new legislation that will provide limited acquisition rights to foreigners.

The equity participation ratio of foreign shareholders is restricted to 25 percent in broadcasting and 49 percent in aviation and maritime transportation. However, companies receive full national treatment once they are established. Establishment in financial services, including banking and insurance, and in the petroleum sector requires special permission from the GOT for both domestic and foreign investors. In practice, regulators have not restricted foreign ownership in the financial sector: in 2005 a series of foreign acquisitions in the sector were approved, and several foreign financial houses had longstanding operations in Turkey.

The GOT privatizes State Economic Enterprises through block sales, public offerings, or a combination of both. The sale of 55 percent of Turk Telekom to Saudi Oger Telecom in 2005 for USD 6.6 billion was a turning point for the Turkish privatization program. Two other major privatizations in 2005 were the sale of 51 percent of oil-refinery TUPRAS to Turkish business giant Koc Group (with Dutch Shell having a minor share of 2 percent), and the sale of 46 percent of Erdemir to another Turkish company Oyak Group (the Oyak Group then sold 41 percent of its winning consortium shares to Arcelor). Turkish privatization revenues in 2005 totaled USD 16.8 billion, most of which will be collected in subsequent years.

Bureaucratic "red tape" has been a significant barrier to companies, both foreign and domestic. However recent laws have simplified company establishment procedures, reduced permit requirements, instituted a single company registration form, and enabled individuals to register their companies through local commercial registry offices of the Turkish Union of Chambers and Commodity Exchanges. The government is also considering other measures to streamline other business procedures as part of its effort to improve the business climate.

Turkey is also making progress in making the taxation system more investor-friendly. In 2006, the basic corporate tax rate will be reduced from 30 to 20 percent and a uniform withholding tax of 15% will be applied to income from financial investment.

Turkish law and regulation affecting the investment climate continues to evolve. Potential investors should check with appropriate Turkish government sources for current and detailed information. The following web site provides the text of regulations governing foreign investment and incentives as well as other useful background information: http://www.treasury.gov.tr/for_inv.htm. Additional information is available at: <http://www.investinginturkey.gov.tr> and www.yased.org.tr and www.taba.org.tr.

Conversion and Transfer Policies

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Turkish law guarantees the free transfer of profits, fees and royalties, and repatriation of capital. This guarantee is reflected in Turkey's 1990 Bilateral Investment Treaty (BIT)

with the United States, which mandates unrestricted and prompt transfer in a freely usable currency at a legal market-clearing rate for all funds related to an investment. The full text of this Treaty and avoidance of double taxation treaty are available through links in U.S. Embassy Ankara web site. There is no difficulty in obtaining foreign exchange, and there are no foreign exchange restrictions. However, as the result of a 1997 court decision, the Turkish Government has blocked full repatriation of investments by oil companies under Article 116 of the 1954 Petroleum Law, which protected foreign investors from the impact of lira depreciation. Affected companies have challenged the 1997 decision and the case is currently in the Turkish court system.

Expropriation and Compensation

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Under the BIT, expropriation can only occur in accordance with due process of law. Expropriations must be for public purpose and non-discriminatory. Compensation must be reasonably prompt, adequate, and effective. Under the BIT, U.S. investors have full access to the local court system and the ability to take the host government directly to third party international binding arbitration to settle investment disputes. There is also a provision for state-to-state dispute settlement.

As a practical matter, the GOT occasionally expropriates private real property for public works or for State Enterprise industrial projects. The GOT agency expropriating the property negotiates and proposes a purchase price. If the owners of the property do not agree with the proposed price, they can go to court to challenge the expropriation or ask for more compensation. There are no outstanding expropriation or nationalization cases.

Dispute Settlement

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There are several outstanding investment disputes between U.S. companies and Turkish government bodies, particularly in the energy and tourism sectors.

Turkey's legal system provides means for enforcing property and contractual rights, and there are written commercial and bankruptcy laws. However, the court system is overburdened, which sometimes results in slow decisions and judges lacking sufficient time to grasp complex issues. The judicial system is also perceived to be susceptible to external influence and to be biased against outsiders. Judgments of foreign courts, under certain circumstances, need to be executed by local courts before they are accepted and enforced. Monetary judgments are usually made in local currency, but there are provisions for incorporating exchange rate differentials in claims.

Turkey is a member of the International Center for the Settlement of Investment Disputes (ICSID), and is a signatory of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Turkey ratified the Convention of the Multinational Investment Guarantee Agency (MIGA) in 1987. There is a currently one arbitration case pending before ICSID.

Turkish law accepts binding international arbitration of investment disputes between foreign investors and the state. In practice, however, Turkish courts have on at least one occasion failed to uphold an international arbitration ruling involving private companies.

Performance Requirements and Incentives

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Turkey is a party to the WTO Agreement on Trade Related Investment Measures (TRIMS).

Law 5084, which went into effect in early 2004, encourages investment in provinces with annual per capita income below USD 1,500 and to high priority development regions. For low-income provinces and under certain conditions, the law provides for withholding tax incentives on income tax, social security premium incentives, free land, and electricity price support. These incentives will remain in effect until the end of 2008, except for allocation of free public land, which has no expiration date. The same law also limits certain tax preferences previously enjoyed by Turkey's free zones (see below).

There are no performance requirements imposed as a condition for establishing, maintaining, or expanding an investment. There are no requirements that investors purchase from local sources or export a certain percentage of output. Investors' access to foreign exchange is not conditioned on exports.

There are no requirements that nationals own share in foreign investments, that the shares of foreign equity be reduced over time, or that the investor transfers technology on certain terms. There are no government imposed conditions on permission to invest, including location in specific geographical areas, specific percentage of local content – for goods or services – or local equity, import substitution, export requirements or targets, employment of host country nationals, technology transfer, or local financing.

The GOT does not require that investors disclose proprietary information, other than publicly available information, as part of the regulatory approval process. Enterprises with foreign capital must send their activity report, submitted to the general assembly of shareholders, auditor's report, and balance sheets to the Treasury's Foreign Investment Directorate every year by May.

With the exceptions noted under "Openness to Foreign Investment" and "Transparency of the Regulatory System," Turkey grants all rights, incentives, exemptions and privileges available to national capital and business to foreign capital and business on a most-favored-nation (MFN) basis. American and other foreign firms can participate in government-financed and/or subsidized research and development programs on a national treatment basis.

Turkey harmonized its export incentive regime with the European Union in 1995, prior to the start of the Customs Union. Turkey currently offers a number of export incentives, including credits through the Turkish Eximbank, energy incentives, and research and development incentives. Foreign investors can participate in these export incentive

programs on a national treatment basis. More information on Turkey's trade regime can be found at www.foreigntrade.gov.tr.

Military procurement generally requires an offset provision in tender specifications. The offset guidelines were modified to encourage direct investment and technology transfer.

Right to Private Ownership and Establishment

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With the exceptions noted above, private entities may freely establish, acquire, and dispose of interests in business enterprises, and foreign participation is permitted up to 100 percent.

Competitive equality is the standard applied to private enterprises in competition with public enterprises with respect to access to markets, credit, and other business operations. Turkey has an independent Competition Board.

Protection of Property Rights

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Secured interests in property, both movable and real, are recognized and enforced. There is a recognized and reliable system of recording such security interests. For example, there is a land registry office where real estate is registered. Turkey's legal system protects and facilitates acquisition and disposal of property rights, including land, buildings, and mortgages, although some parties have complained that the courts are slow in rendering decisions and that they are susceptible to external influence (see "Dispute Settlement").

Turkey's intellectual property rights regime has improved in recent years, but still presents serious problems. Turkey remained on the U.S. Special 301 Priority Watch List in 2005 due to concerns about insufficient protection for confidential pharmaceutical test data and continued high levels of piracy and counterfeiting of copyright and trademark materials.

Turkey's copyright law provides deterrent penalties for copyright infringement. However, it does not prohibit circumvention of technical protection measures, a key feature of the World Intellectual Property Organization (WIPO) "Internet" treaties. In addition, Turkish courts have failed to render deterrent penalties to pirates as provided in the copyright law but have instead applied the Turkish Cinema Law, which has much lower penalties. Recently enacted legislation contained several strong anti-piracy provisions, including a ban on street sales of all copyright products and authorization for law enforcement authorities to take action without a complaint by the rights holder. However, the law also reduces potential prison sentences for piracy convictions. U.S. industry estimated losses to piracy in 2004 at \$50 million for motion pictures, \$15 million for records/music and \$23 million for books. There are signs that anti-piracy measures introduced in 2004 may be having a positive impact on industry.

Turkey is a signatory to a number of international conventions, including the Stockholm Act of the Paris Convention, the Patent Cooperation Treaty, and the Strasbourg Agreement.

In accordance with the 1995 patent law and Turkey's agreement with the EU, patent protection for pharmaceuticals began on January 1, 1999. Turkey has been accepting patent applications since 1996 in compliance with the TRIPS agreement "mailbox" provisions. The patent law does not, however, contain interim protection for pharmaceuticals in the research and development "pipeline".

Turkey's recently amended Patent Law provides for penalties for infringement of up to 3 years in prison, or 47,000 YTL (approximately \$32,000) in fines, or both, and closure of the business for up to one year. However, research-based companies in the pharmaceuticals sector have criticized provisions which delay the initiation of infringement suits until after the patent is approved and published, permit use of a patented invention to generate data needed for the marketing approval of generic pharmaceutical products, and give judges wider discretion over penalties in infringement cases. There is concern that amendments proposed this year to the patent law could lead to weaker enforcement and penalties and dilute basic intellectual and industrial property protections.

Turkey does not currently have a system for patent linkage, which could create confusion and possibly allow generic pharmaceutical manufacturers to register a copy of a brand name drug with a valid Turkish patent.

The Ministry of Health introduced limited protection for confidential test data submitted in support of applications to market pharmaceutical products in a regulation issued in January and revised in June 2005. However, several of the regulation's provisions severely undermine protection for confidential test data. Data exclusivity is limited to original products licensed in a European Customs Union country after January 1, 2001, for which no generic manufacturers had applied for licenses in Turkey as of January 1, 2005, and the term of exclusivity is limited to the duration of the drug patent. Also, the six-year term of data protection starts on the date of licensing in a European Customs Union country, implying a shorter term of protection because of the length of the marketing approval process in Turkey.

Trademark holders also contend that there is widespread and often sophisticated counterfeiting of their marks in Turkey, especially in apparel, film, cosmetics, detergent and other products.

Turkey recently published its first Plant Variety Protection (PVP) Law. A subsidiary of a major U.S. seed company, however, has been unable to obtain protection for its commercial seed under this new law, reportedly at great cost to the company.

Further information on the intellectual property situation in Turkey is available in the National Trade Estimate report, available at the U.S. Trade Representative's website: www.ustr.gov.

The GOT has adopted policies and laws that in principle should foster competition and transparency. However, foreign companies in several sectors claim that regulations are sometimes applied in a nontransparent manner.

Turkish legislation generally requires competitive bidding procedures in the public sector. Law 4734 on Public Procurement established a board to oversee public tenders. Law 4761 lowered the original minimum-bidding threshold at which foreign companies can participate in state tenders. The law gives preference to domestic bidders, Turkish citizens and legal entities established by them, as well as to corporate entities established under Turkish law by foreign companies. The public procurement law has been amended eight times since its enactment and may be further amended in the future.

In general, labor, health and safety laws and policies do not distort or impede investment, although legal restrictions on discharging employees may provide a disincentive to labor-intensive activity in the formal economy. Certain tax policies distort investment decisions. High taxation of cola drinks discourages investment in this sector. Generous tax preferences for free zones have provided a stimulus to investment in these zones, though these preferences will be trimmed in the future (see free zones section). Similarly, incentives for investment in certain low-income provinces appear to be stimulating investment there (see "Performance Requirements/Incentives").

The government has taken a number of important steps in recent years to strengthen and better regulate the banking system, whose weaknesses had contributed to macroeconomic instability over the previous decade and played an important role in the 2000-2001 financial crisis. A 2005 revision of the Banking Law helps to bring the bank regulatory framework closer to European Union norms. The new law will tighten bank regulation, notably by broadening the range of expertise inspectors can draw on when conducting on-site inspections.

An independent Banking and Regulation Supervision Agency (BRSA) monitors and supervises Turkey's banks. The BRSA is headed by a board whose seven members are appointed by the cabinet for six-year terms. In addition, bank deposits are protected by an independent deposit insurance agency, the State Deposit Insurance Fund (SDIF).

Because of high local borrowing costs and short repayment periods, foreign and local firms frequently seek credit from international markets to finance their activities. As of end-2005, there are 46 commercial banks (including 13 foreign banks) and 13 development or investment banks operating in Turkey. Sector assets as of August 2005 totaled approximately USD 260 billion, or about 74 percent of GNP, according to BRSA data.

There is a regulatory system established to encourage and facilitate portfolio investments, though it needs improvements in transparency, accounting, and enforcement provisions to bring it up to U.S. and EU standards. The Istanbul Stock Exchange (ISE), formed in 1986, is becoming a significant emerging market stock exchange. As of December 31 2005, 282 companies were listed on the exchange. However, Turkey has yet to develop other capital markets. The Capital Markets Board is responsible for overseeing the activities of capital markets, including activities of ISE-quoted companies, and securities and investment houses. The Turkish private sector is dominated by a number of large holding companies, whose upper management is family-controlled. Most large businesses continue to float publicly only a minority portion of company shares in order to limit outside interference in company management. There has been no attempt at a hostile takeover by either international or domestic parties in recent memory.

Political Violence

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In recent years, terrorist bombings -- some with significant numbers of casualties -- have struck religious, political, and business targets in a variety of locations in Turkey. The potential remains throughout Turkey for violence and terrorist actions against U.S. citizens and interests, both by transnational and indigenous terrorist organizations.

In November 2003 the Al-Qa'ida network was responsible for four large suicide bombings in Istanbul that, among other targets, hit western interests. Indigenous terrorist groups also continue to target Turkish as well as U.S. and Western interests. In June 2004 the indigenous terrorist group PKK/KADEK/KONGRA GEL announced an end to their "unilateral ceasefire." Since the announcement, there have been repeated attacks against Turkish targets in the southeast region of Turkey, where the group has traditionally concentrated its activities. In addition, there have been bombings and other incidents in Istanbul, Bodrum, Antalya, Cesme, Kusadasi and Mersin. Other terrorist groups, including the Turkish group Revolutionary People's Liberation Party/Front (DHKP/C), continue to target Turkish officials and various civilian facilities and may use terrorist activity to make political statements. In 2002, 2003, 2004, and 2005 civilian venues such as courthouses, fast food restaurants, and public transportation were the targets of minor bomb attacks, resulting in small numbers of casualties. Similar, random bombings are likely to continue in unpredictable locations. Americans traveling to Southeastern Turkey, the site of PKK/KADEK/KONGRA GEL actions, should exercise caution.

Although the Turkish government takes air safety seriously and maintains strict controls, particularly on international flights, hijacking attempts have occurred as recently as 2003. For the latest security information on Turkey and throughout the world, travelers should monitor the State Department web site <http://travel.state.gov>, where the current Worldwide Caution Public Announcement, Travel Warnings, and Public Announcements can be found.

Corruption

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Corruption is perceived to be a major problem in Turkey by private enterprise and the public at large, particularly in government procurement. American companies operating in Turkey have complained about being solicited, with varying degrees of pressure, by municipal or local authorities for "contributions to the community". Parliament continues to probe corruption allegations involving senior officials in previous governments, particularly in connection with energy projects.

Recent public procurement reforms were designed to make procurement more transparent and less susceptible to political interference, including through the establishment of an independent public procurement board with the power to void contracts. The judicial system is also perceived to be susceptible to external influence and to be biased against outsiders to some degree.

Turkish legislation outlaws bribery and some prosecutions of government officials for corruption have taken place, but enforcement is uneven. Turkey ratified the OECD Convention on Combating Bribery of Public Officials, and passed implementing legislation in January 2003 to provide that bribes of foreign officials, as well as domestic, are illegal and not tax deductible. In 2005, Turkey's Foreign Affairs Committee approved a draft law ratifying the UN Convention Against Corruption, which was signed in 2003.

Amendments in 2005 to Turkey's Criminal Code make it unlawful to promise or to give any advantage to foreign government officials in exchange for their assistance in providing improper advantage in the conduct of international business. In the event that such a crime makes an unlawful benefit to a legal entity, such legal entity shall be subject to certain security measures. The provisions of the Criminal Law regarding the bribing of foreign governmental officials are in line with the provisions of the Foreign Corrupt Practices Act of 1977 of the United States (the "FCPA").

There are, however, a number of differences between the Turkish law and the FCPA. For example, there is not an exception under the Turkish law for payments to facilitate or expedite performance of a "routine governmental action" in terms of the FCPA. Another difference between the provisions of the FCPA and the Turkish law is that the FCPA does not provide for a punishment of imprisonment, while the Turkish law provides a punishment of imprisonment from four years to 12 years. The Prime Ministry's Inspection Board, which advises a new Corruption Investigations Committee, is responsible for investigating major corruption cases. Nearly every state agency has its own inspector corps responsible for investigating internal corruption. The parliament can establish investigative commissions to examine corruption allegations concerning Cabinet Ministers for the Prime Minister. A majority vote is needed to send these cases to the Supreme Court for further action.

Transparency International has an affiliated NGO in Istanbul. Transparency International noted that Turkey improved its fight against corruption in 2005, moving Turkey from 77th to 65th in the transparency ranking of 159 countries.

Bilateral Investment Agreements

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Since 1985, Turkey has been negotiating and signing agreements for the reciprocal promotion and protection of investments. Turkey has signed bilateral investment treaties with 74 countries and has initiated negotiations with nine countries. 54 of these agreements are now in force, including with the United States, United Kingdom, Germany, the Netherlands, Belgium, Luxembourg, Denmark, Austria, Sweden, Switzerland, Spain, Finland, Italy, Portugal, Hungary, Poland, Romania, Tunisia, Kuwait, Bangladesh, China, Japan, South Korea, Indonesia, Croatia, Cuba, the Czech Republic, Estonia, Russian Federation, Azerbaijan, Kazakhstan, Georgia, Tajikistan, Ukraine, Uzbekistan, Belarus, Lithuania, Latvia, Slovakia, Macedonia, Pakistan, Turkmenistan, Moldova, Kyrgyzstan, Albania, Bulgaria, Argentina, Bosnia, Malaysia, Egypt, Mongolia, Greece, Israel, Afghanistan, Ethiopia, and Iran.

Turkey's bilateral investment treaty with the United States came into effect on May 18, 1990. A bilateral tax treaty between the two countries took effect on January 1, 1998. Turkey has avoidance of double taxation agreements with 61 countries including United States.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) offers a full range of programs in Turkey, including political risk insurance for U.S. investors, under its bilateral agreement with Turkey. OPIC is also active in financing private investment projects implemented by U.S. investors in Turkey. OPIC-supported direct equity funds, including the USD 200 million Soros Private Equity Fund can make direct equity investments in private sector projects in Turkey. Small- and medium-sized U.S. investors in Turkey are also eligible to utilize the new Small Business Center facility at OPIC, offering OPIC finance and insurance support on an expedited basis for loans from USD 100,000 to USD 10 million. In 1987, Turkey became a member of the Multinational Investment Guarantee Agency (MIGA).

The U.S. Government annually purchases approximately USD 24 million of local currency. Embassy purchases are made at prevailing market rates, which fluctuate in accordance with Turkey's free floating exchange rate regime.

Labor

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Turkey has a youthful population of 71 million, 65.5 percent of which is in the 15-64 age group and 28.8 percent in the 0-14 age group. Of the total population, 60.3 percent live in urban areas. The Turkish labor force numbers 24.9 million (22.6 million employed and 2.4 million unemployed); 35.9 percent of the workforce is in agriculture. The official unemployment rate was 9.7 in the third quarter of 2005.

The literacy rate in Turkey is 88.3 percent (95.7 percent among men and 81.1 percent among women). Students are required to complete eight years of schooling and to remain in school until they are 15 years old. Those who complete primary school education account for 96.1 percent of the population, of which only 30.3 percent complete vocational or higher educations, including distance education.

Turkey has an abundance of unskilled and semi-skilled labor. Although the Ministry of Education launched projects within the framework of EU programs to meet the needs of high-tech industries, there is a shortage of qualified workers. Individual high-tech firms, both local and foreign-owned, have generally conducted their own training programs for such job categories. Vocational training schools for some commercial and industrial skills exist in Turkey at the high school level. Formal apprenticeship programs remain in place, although informal training is dying out in some traditional occupations. Turkey's labor force has a reputation for being hardworking, productive and dependable.

Labor-management relations have been generally good in recent years. Employers are obliged by law to negotiate in good faith with unions that have been certified as bargaining agents. Strikes are usually of short duration and almost always peaceful. Approximately 2.9 million of the 11 to 12 million wage and salary earners are unionized. The law prohibits discrimination on the basis of union membership but discrimination occurs occasionally in practice. There is no obligation for a worker to become a member of any union and there is no obligation to make a collective labor agreement for any sector. However, in order to be covered by a collective labor agreement, a worker should be a member of a union. In order to be a bargaining agent, a union must have a membership of more than half of the workers employed in a work place and include at least 10 percent of the workers employed in that specific sector. The Labor Law sets a series of steps to be followed, including mediation by an Arbitration Board, before a union may initiate a strike. Facilitating labor-employer relations is among the responsibilities of the Economic and Social Council, which aims at maintaining an effective dialogue between the state and social parties to encourage compromise in industrial relations.

Turkey has signed many International Labor Organization (ILO) conventions protecting workers' rights, including conventions on Freedom of Association and Protection of the Right to Organize; Rights to Organize and to Bargain Collectively; Abolition of Forced Labor; Minimum Wage; Occupational Health and Safety; Termination of Employment and Elimination of the Worst Forms of Child Labor. Since 1980, Turkey has faced criticism by the ILO, particularly for shortcomings in enforcement of ILO Convention 87 (Convention Concerning Freedom of Association and Protection of the Right to Organize) and Convention 98 (Convention Concerning the Application of the Principles of the Right to Organize and to Bargain Collectively). However, in 1995 and 2001, constitutional amendments reduced restrictions on freedom of association and political activity on trade unions. The restrictions on the right to strike under Article 54 of the Constitution were preserved intact. Civil servants (defined broadly as all employees of the central government ministries, including teachers) are allowed to form trade unions and to engage in limited collective negotiations, but are prohibited from striking.

The Job Security Bill provides basic job security for workers and requiring a valid reason for the termination of the labor contract at the initiative of the employer. Labor Law 4857 provided employers with greater flexibility in the organization of work and weakened to a certain extent the job security provided by the 2002 law. It contains many new provisions in conformity with international regulations of the ILO and the EU.

There are no special laws or exemptions from regular labor laws in the country's 21 free trade and export processing zones, although these zones are otherwise regulated by Free Trade Zones Law 3218.

Use of technology is encouraged at work. There is a special law concerning establishment of Technology Development Zones (called "techno-parks"). The state also contributes to research and development activities either through reimbursement or providing subsidies. The personnel expenses, cost of machinery, equipment and software, consultancy and other services, fees paid to scientific institutions, registration fees for patent and industrial designs to the Patent Institute, and the cost of R&D related materials may be reimbursed up to 60% by the state. This aid may be extended for up to 3 years.

Foreign-Trade Zones/Free Ports

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Firms operating in Turkey's 21 free zones have historically enjoyed many advantages. The zones are open to a wide range of activities, including manufacturing, storage, packaging, trading, banking, and insurance. Foreign products enter and leave the free zones without payment of any customs or duties. Income generated in the zones is exempt from corporate and individual income taxation and from the value-added tax, but firms are required to make social security contributions for their employees. Additionally, standardization regulations in Turkey do not apply to the activities in the free zones, unless the products are imported into Turkey. Sales to the Turkish domestic market are allowed, with goods and revenues transported from the zones into Turkey subject to all relevant import regulations. There are no restrictions on foreign firms operations in the free zones. Indeed, the operator of one of Turkey's most successful free zones located in Izmir is an American firm.

Under Law 5084, taxpayers who possessed an operating license as of February 6, 2004, will not have to pay income or corporate tax on their earnings in the zone for the duration of their license. Earnings based on sale of goods manufactured in a zone will be exempt from income and corporate tax until the end of the year in which Turkey becomes a member of the European Union. Earnings secured in a free zone under corporate tax immunity and paid as dividends to real person shareholders in Turkey or to real person or legal-entity shareholders abroad will be subject to 10 percent withholding tax. The tax immunity of the wage and salary income earned by persons employed in the zones by taxpayers possessing an operating license as of February 6, 2004, will remain in effect until December 31, 2008, or the expiration date of the operating license, whichever is earlier. The implications of the new rules are complex, and interested parties may want to

consult with a tax advisor and/or the Foreign Trade Undersecretariat (web site: www.dtm.gov.tr).

Foreign Direct Investment Statistics

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With the foreign investment permit requirement in place until 2003, the Turkish Treasury collected detailed sector and country of origin data for authorized FDI. Data collected since the abolition of the permit requirement, by the Central Bank and other entities, may not be directly comparable to data collected prior to 2003.

According to Turkish Treasury data, as of November 2005, there are 10,984 foreign firms invested and operating in Turkey. The aggregate actual inflows reached USD 21.7 billion. In 2004, EU countries accounted for 79.5 percent of FDI inflows to Turkey, OECD countries accounted for 16.7 percent, and Middle East countries for 3.8 percent. Over the past two decades, the Netherlands (32.3 percent) has been the top source of foreign investment, followed by Germany (10.1 percent), United Kingdom (10.0 percent) and the U.S. (9.7 percent). Because of the absence of a bilateral tax treaty until 1998, much U.S.-origin capital was invested in Turkey through third-country subsidiaries (mostly Netherlands). According to U.S. Commerce Department data, U.S. company investment amounted about USD 3 billion in 2004. By unofficial estimates, the U.S. may be one of the largest sources of foreign investment in Turkey.

In 2004, about 75.8 percent of foreign direct investment took place in services, 18.0 percent in manufacturing, 5.9 percent in mining and 0.3 percent in agriculture.

FDI Inflow by Years (million USD)

Year	Actual Inflow(Cumulative)	Inflow/GDP	No firms
1980-1988			1,172
1989	663	0.80	1,525
1990	684	0.67	1,856
1991	907	0.69	2,123
1992	911	0.78	2,330
1993	746	0.56	2,554
1994	636	0.64	2,830
1995	934	0.66	3,163
1996	914	0.53	3,582
1997	852	0.54	4,068
1998	953	0.49	4,533
1999	813	0.41	4,950
2000	1,707	0.85	5,328
2001	3,288	2.21	5,841
2002	1,042	0.48	6,280
2003	1,702	0.71	6,511
2004	2,765	0.92	8,661

2005* 3,742 1.42 10,984

TOTAL 21,666 10,984

Source: Central Bank of Turkey, State Institute of Statistics,
(*)January through September 2005.

(**) Includes capital inflows, foreign loans and real estate investment.

FDI Stock by Source Country (end of 2004/ million USD)

Country	Value	Share (percent)
Netherlands	9,526	32.3
Germany	2,969	10.1
United Kingdom	2,952	10.0
U.S.A	2,859	9.7
France	2,450	8.3
Italy	1,207	4.1
Switzerland	1,072	3.6
Finland	1,043	3.5
Belgium	864	2.9
Japan	846	2.8
Canada	825	2.8
Others	2,897	9.8
Total	29,510	100.0

Source: Central Bank of Turkey.

The investment permit requirement lifted as of 2004.

Turkey's External Investment by Country (As of December 2005)

Country	Amount	Share	(USD millions)
Netherlands	2,485.2	31.9	
Azerbaijan	1,891.6	24.3	
United Kingdom	521.0	6.7	
Germany	461.9	5.9	
Kazakhstan	442.2	5.7	
Luxembourg	249.9	3.2	
United States	186.7	2.4	
Russia	170.4	2.2	
Romania	158.4	2.0	

Switzerland	108.8	1.4
France	94.3	1.2
Others	1,020.7	13.1
Total	7,791.1	100.0

Source: General Directorate of Banking and Foreign Exchange, Treasury

Major foreign investors

Turkey's foreign investors include Telecom Italia, Renault, Toyota, Fiat, Castrol, Enron Power, Citibank, Pirelli Tire, Unilever, RJR Nabisco, Philip Morris, United Defense, Honda, Hyundai, Bosch, Siemens, DaimlerChrysler, Chase Manhattan, AEG, Bridgestone-Firestone, Cargill, Novartis, Coca Cola, Colgate-Palmolive, General Electric, ITT, Ford Motor Co., Lockheed Martin, Goodyear, Aventis, McDonald's, Nestle, Mobil, Pepsi, Pfizer, Procter and Gamble, InterGen, Abbot Laboratories, Aria, Bechtel, Shell, Delphi-Packard, Toredor/Madison Oil, AES, GE, NRG, Normandy Mining, Marsa-Kraft-Jacobs Suchard, ESBAS A.S., Archer Daniels Midland, Merck, Sharp Dohme, Bunge, and Bausch and Lomb.

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Foreign Trade Undersecretariat: www.dtm.gov.tr.
State Department Travel Warnings: <http://travel.state.gov>
Turkey's trade regime: www.foreigntrade.gov.tr.

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid (Methods of Payment)

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GENERAL FINANCING AVAILABILITY

Traditionally, Turkish corporations have satisfied most of their financing requirements through the banking industry. Corporation / banking relationships are close. Locally, commercial banks account for about 80 percent of the credits outstanding in the Turkish financial system. However, given the continuing gap between Turkey's extensive needs and its limited internal resources, external financing of public and private project investment will be a crucial factor in this and coming years. Exporters are advised to provide financing for their exports. In addition to short and medium-term credits available from commercial banks in local and foreign currencies, lower-cost TL credits are also available from Turkish Eximbank.

HOW TO FINANCE EXPORTS AND METHODS OF PAYMENT

Letters of Credit (LCs) are traditional import instruments for private-sector transactions. LCs should be irrevocable and confirmed by a prime U.S. bank. As Turkish importers develop long-term contacts and prove their credit-worthiness, suppliers may be willing to accept documents against payment (d/p) or documents against acceptance (d/a). Deferred payment schedules are not common except in cases of large transactions where supplier financing plays a role.

Turkish banks continued to have seen some tightening in their access to international credit, though the major banks are able to borrow internationally. Suppliers should consider unconventional project financing packages (e.g., forfeiting, factoring and utilization of third-country export credits) when bidding on major government infrastructure projects. Exporters should be flexible and try to accommodate customers' needs, building any additional associated cost into the offer price.

Firms bidding on GOT contracts should pay careful attention to the way proposals are prepared and should strictly follow the administrative specifications. Financing costs and foreign exchange rate risks, wherever applicable, should be factored into the bid price. Bids, which do not comply with administrative specifications (which include financial criteria), are generally rejected. Generally, validity of a proposal is required to be 3 to 6 months from the bid date. Government tenders often involve bid and performance bonds. Bid bonds are normally equivalent to 3 percent of the value of the tender, while performance bonds are usually equivalent to 6 percent of the contract value. The

government only calls these bonds in cases of substantial non-performance. All bonds have to be counter-guaranteed by a Turkish national bank.

A number of leasing companies operate in Turkey, most owned by Turkish banks. They finance purchases of expensive capital goods such as aircraft, auto fleets or special equipment. Financial leasing used to account for only 1 to 2 percent of capital expenditures in Turkey versus 20 percent in developed countries. The terms of leasing are usually four years, with a balloon payment at the end. Turkish leasing companies are eager to work with U.S. counterparts.

Turkish factoring companies (again, usually offshoots of banks) generally belong to the International Factors Group based in Belgium. Like leasing companies, all factoring and forfeiting companies are having funding difficulties. Both factoring and forfeiting maximize cash flow, reduce transaction risks, and may enhance competitiveness by offering flexible payment terms to the buyer. All U.S. banks active in Turkey know and deal with at least one of the major leasing and factoring companies.

How Does the Banking System Operate

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The banking sector plays less of a financial intermediary role than one would expect in an economy of Turkey's size and sophistication. The three state-owned commercial banks plus the six largest private banks hold nearly a two-thirds share of total bank assets (information on banks, the listing of banks licensed in Turkey and statistics on the Turkish banking sector can be viewed at (www.bddk.org.tr)). Turkish banks engage in core banking services, securities brokering and other businesses. In terms of trade finance, treasury operations, electronic banking, and information management, the dozen leading Turkish banks are as sophisticated as their other OECD counterparts. However, bank profitability has been treasury-based, not lending-based, and most banks have yet to develop solid lending cultures and risk-asset management systems. One hundred percent deposit insurance since 1994 is an additional complicating factor. Moreover, accounting practices are neither at commonly accepted international GAAP standards or evenly applied across the sector.

U. S. and U.S.-affiliated investment and commercial banks present in Turkey include Citibank, JP Morgan Chase, American Express, Wachovia and the Bank of New York. The Turkish banking sector continues to undergo significant industry consolidation.

The Istanbul Stock Exchange, formed in 1986, is becoming one of the major players in the capital market. In 1995, the Istanbul Gold Exchange opened for trading. The Capital Market Board, based in Ankara, is responsible for overseeing the activities of capital markets. The Central Bank of the Republic of Turkey is headquartered in Ankara and together with Turkish Treasury is responsible for the integrity of the banking system. In 1994, the Central Bank became an autonomous body but is not independent.

The Central Bank supervises bank activities in order to guarantee that they meet liquidity requirements and operates in a responsible fashion. While the Central Bank's Bank Supervision Division acts as the government's supervisory authority, the Undersecretariat of the Treasury is responsible for the enforcement of banking laws. Treasury's Banking and Exchange General Directorate conducts criminal investigations

of banks and is the government agency that determines punitive actions taken against institutions violating banking or securities laws. The bank regulatory authority (BRSA) determines the disposition of insolvent banks.

Foreign-Exchange Controls

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There are no known foreign-exchange limits placed on importers by the GOT, and there are no restrictions on the transfer of funds in or out of the country. Although the Yeni Turkish Lira (YTL) is fully convertible, most international transactions are denominated in U.S. dollars or Euros due to these currencies' universal acceptance. Banks are allowed to deal in foreign exchange and to borrow and lend in foreign currencies. Foreign exchange is freely traded and widely available. Foreign investors are free to convert and repatriate their Turkish lira profits.

U.S. Banks and Local Correspondent Banks

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U. S. and U.S.-affiliated investment and commercial banks present in Turkey include Citibank, JP Morgan Chase, American Express, Wachovia and the Bank of New York.

Project Financing

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TYPES OF AVAILABLE EXPORT FINANCING AND INSURANCE

The Export-Import Bank of the United States (Eximbank) is open for business in Turkey and offers a variety of credit facilities to U.S. firms exporting to Turkey as well as providing project financing for U.S. investments. Eximbank does not have a ceiling for Turkey as long as a Treasury guarantee is provided (for the public sector). For the private sector investments, Eximbank considers the financial records of the Turkish company or the ability of a project to generate enough revenue to pay back the loan. The U.S. Trade and Development Agency (TDA) is active in financing pre-feasibility and feasibility studies and pre-design work for major government projects and private sector projects, while the Overseas Private Investment Corporation (OPIC) insures and provides investment credit financing to many U.S. investments in Turkey. U.S. firms may also compete for contracts financed by the World Bank. Most major government tenders still require suppliers' credits.

USDA's Commodity Credit Corporation offers three-year GSM-102 export credit guarantees for imports of a wide range of agricultural products. Seven-year GSM-103 guarantees are available for imports of breeder cattle and poultry. In October 1998, USDA announced Turkey's eligibility for a five year Facilities Credit Guarantee Program for sales of U.S. manufactured goods and services to improve existing agricultural related facilities and a USD 5 million Supplier Credit Guarantee Program targeted at imports of high value products from the United States.

AVAILABILITY OF PROJECT FINANCING

Project financing is available through a multitude of sources including Turkish and foreign commercial banks and investment banks. OPIC is another source for project financing for U.S. investors. Interested U.S. companies should note that American banks active in Turkey are among the leaders in project financing.

TYPES OF PROJECTS RECEIVING FINANCING SUPPORT

Turkey offers numerous major project opportunities in telecommunications, energy, transportation, and building of infrastructure projects such as dams, airports, harbors, roads, and water and sewerage systems. Supplier financing is the key to winning these large projects. U.S. Eximbank established a project financing office in 1994 to provide financing on a project basis. Traditionally, U.S. Eximbank financing, along with OPIC and TDA programs, are available to U.S. suppliers. The World Bank /International Bank for Reconstruction and Development continues to fund major projects in Turkey (<http://www.worldbank.org.tr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/TURKEYEXT/N/0,,menuPK:361718~pagePK:141159~piPK:141110~theSitePK:361712,00.html>.)

REGIONAL FINANCING

The Overseas Private Investment Corporation has expanded the scope of the Southeast Europe Equity Fund (SEEF), managed by Soros Private Funds Management, and is currently permitted to invest in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia, Slovenia, Turkey, Armenia, Azerbaijan and the Republic of Georgia. The fund is capitalized at US\$ 200 million and is available for investment in new, expanding, restructuring and privatizing businesses to promote greater regional economic integration and development.

SMALL BUSINESS SUPPORT

The Overseas Private Investment Corporation (OPIC) has established small business centers to assist qualified small businesses the opportunity to utilize OPIC's resources with improved customer service and easier access through a streamlined approval process. OPIC stands ready to assist small and medium sized business grow through investments in over 150 emerging markets around the world. The Small Business Centers will support the financing and political risk insurance needs to eligible small business.

To support small and medium sized business enterprises in their international trading activity, the United States Commercial Service and the Overseas Private Investment Corporation entered into a partnership that combines the strength of the Commercial Service's network of 105 offices in the United States and 150 offices overseas with the investment finance and political risk insurance support of the Overseas Private Investment Corporation. The cooperation agreement signed on May 12, 2003 by Assistant Secretary of Commerce and Director General of the Commercial Service Maria Cino and OPIC President and CEO Dr. Peter Watson clearly demonstrates the synergistic value of combining export marketing and trade finance resources. This cooperation agreement has been established to better assist small and medium sized

business enterprises. These businesses account for ninety-seven percent of all U.S. exporters, and small business continues to be the bulwark of the U.S. economy.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Chapter 8: Business Travel

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Business Customs

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The Turkish people feel close to their traditions and culture. However, having ties with western countries, Turkish people in major cities have adopted a western way of life. A foreigner visiting any one of the large cities in Turkey will find himself or herself in an atmosphere similar to that of a contemporary western city. There are no local customs, beyond the bounds of normal courtesy that a visiting businessman should feel compelled to observe. In general, a personal relationship is an important basis for a successful business relationship in Turkey. It is usually important to allow time for friendly conversation before commencing with a business agenda. Business cards are almost always exchanged, and visitors are usually offered a glass of tea or a cup of Turkish coffee.

Travel Advisory

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The general security situation throughout Turkey is stable, but sporadic incidents involving terrorist groups have occurred. The Turkish government is committed to eliminating terrorist groups such as the Kurdistan Worker's Party (PKK) and various leftist and fundamentalist groups. Although these groups have not completely disbanded, their operational capabilities have greatly diminished. These groups have used terrorist activity to make political statements, particularly in Istanbul and other urban areas of Turkey. No Americans appear to have been targeted in any recent terrorist incident in Turkey, but Americans simply in the wrong place at the wrong time during a terrorist incident could be victims. Terrorists targeting Turkish officials and various civilian facilities in Istanbul were responsible for deaths and injuries of several dozen people. The civilian targets included a number of fast food restaurants. For the latest information with respect to the security situation in Turkey, please visit our Consular Affairs website at www.travel.state.gov.

Visitors to any part of southeastern Turkey are advised to travel only during daylight hours and on major highways. The Turkish Jandarma (Gendarmerie) and police forces

monitor checkpoints on roads throughout the southeastern region. Travelers are cautioned not to accept letters, parcels or other items from strangers for delivery either in or outside Turkey. The PKK has attempted to use foreigners to deliver messages and packages in or outside of Turkey. If discovered, individuals could be arrested for aiding and abetting the PKK-a serious charge. Additional information is available on the U.S. Embassy web page at <http://www.usemb-ankara.org.tr> and on the State Department web at www.travel.state.gov.

Turkish law has a broad definition of "antiquities" and makes it a crime to remove any from the country. Offenders are prosecuted. Under Turkish law, all historic sites such as fortresses, castles and ruins, and everything in them or on the grounds or in the water, are the property of the Turkish government. While many sites do not have signs cautioning the unwary, official silence does not mean official consent. One may buy certain antiquities, but only from authorized dealers who have been issued a certificate by a museum for each item, which they are authorized to sell. If one has acquired a possible antiquity without having obtained the necessary certificate, competent museum personnel should evaluate it before its removal from Turkey. U.S. visitors may obtain updated information on travel and security in Turkey from the U.S. Embassy in Ankara or Consulates in Istanbul and Adana, or click on the Embassy's home page: www.usemb-ankara.org.tr.

Visa Requirements

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U.S. citizens are required to obtain visas before entering Turkey. A passport and visa are required. Holders of all types of passports can purchase a 90-day sticker visa at the port of entry for \$ 20, if they are traveling to Turkey as tourists. For further information, travelers in the U.S. may contact the Embassy of the Republic of Turkey at 2525 Massachusetts Avenue, NW, Washington, D.C. 20008, telephone: (202) 612-6700, or the Turkish consulates general in Chicago, Houston, Los Angeles, or New York. Information may also be found at Internet address <http://www.turkey.org>. Overseas, travelers may contact a Turkish embassy or consulate. Holders of official and diplomatic passports on official business must obtain a visa from a Turkish embassy or consulate before arrival in Turkey. Holders of official and diplomatic passports on private travel may receive a visa free of charge from a Turkish embassy or consulate, or obtain one upon arrival at the port of entry for \$ 20. All those who are planning to stay more than three months for any purpose are required to obtain a visa from a Turkish embassy or consulate. Such travelers must also apply for a residence/work permit or Turkish ID card within the first month of their arrival in Turkey. For example, this would include anyone who plans to spend more than three months doing research, studying, or working in Turkey.

All travelers are advised to obtain entry stamps on the passport page containing their visa at the first port of entry before transferring to domestic flights. Failure to obtain entry stamps at the port of entry has occasionally resulted in serious difficulties for travelers when they attempt to depart the country.

In an effort to prevent international child abduction, many governments have initiated procedures at entry/exit points. These often include requiring documentary evidence of relationship and permission for the child's travel from the parent(s) or legal guardian not

present. Having such documentation on hand, even if not required, may facilitate entry/departure.

Street crime is relatively low in Turkey, although it is increasing in large urban centers such as Istanbul and Izmir. Women appear to have been targeted for muggings or robberies. Visitors should not be complacent regarding personal safety or the protection of valuables. The same precautions employed in the US should be followed in Turkey. As in other large metropolitan areas throughout the world, common-street crimes include pick pocketing, purse snatching, and mugging. English-or French-speaking foreigners, who identified themselves as Tunisian, Moroccan, Egyptian, Kuwaiti, or Romanian, have also targeted foreign tourists. These persons have befriended the tourists and then drugged them, using teas, juice, alcohol, or food. Two common drugs used are nembitol, known on the street as sari bomba (the yellow bomb) and benzodiazepine; when used incorrectly they can cause death. In similar cases, tourists are invited to visit clubs or bars, and then presented with inflated bills (often exceeding \$1000), and coerced to pay them by credit card.

The loss or theft abroad of a U.S. passport should be reported immediately to the local police and the nearest U.S. Embassy or Consulate. Travelers are encouraged to carry a photocopy of their passport, to assist in getting a replacement passport if the original is stolen. U.S. citizens may refer to the Department of State's pamphlet, A Safe Trip Abroad for ways to promote a trouble-free journey. The pamphlet is available by mail from the Superintendent of Documents, U. S. Government Printing Office, Washington, D.C. 20402, via the Internet at <http://www.gpoaccess.gov>, or via the Bureau of Consular Affairs home page at www.travel.state.gov. An "Istanbul Street Crime Briefing" is available on the U.S. Embassy Ankara's web site at <http://www.usemb-ankara.org.tr> or from the Consular Affairs web site at www.travel.state.gov.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Ankara: at <http://www.usemb-ankara.org.tr>

Telecommunications

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Communication: The telephone system in Turkey's major cities is good. E-mail and faxes are widely used in international business. Travelers and businesspersons can utilize GSM cellular service prepaid cards and hire a GSM mobile/cell phone in Turkey. Coverage is nationwide.

Transportation

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Transportation: The national flag carrier, Turkish Airlines (THY), together with its subsidiaries, dominates air passenger service and flies non-stop daily to most major

European, Middle Eastern, Asian cities and U.S. gateways including Tokyo, London, Frankfurt, Paris, New York and Chicago. Major European airlines have also frequent non-stop flights to Turkey. Delta Airlines serves Istanbul direct from its New York Kennedy hub. American Airlines and THY have a code-share arrangement with THY serving American's hubs in New York and Chicago. United Airlines and Lufthansa offer code-share service with Lufthansa serving Istanbul, Izmir and Ankara from its Star Alliance Frankfurt and Munich hubs. Though Turkish Airlines dominates domestic air travel within Turkey, the Government has liberalized domestic air service, and new airlines are also serving the domestic market. Rail transportation is also available between most of the major cities. Comprehensive networks of long distance buses, which are inexpensive, operate between the major cities. Car rental is relatively expensive although gasoline (benzene) is cheaper than in Western Europe, and fuel stations are numerous. Public transportation is available in the cities. However, businessmen are advised to use taxis, as taxis are relatively inexpensive.

Lodging: Medium to luxury-type hotels, including international hotels such as the Hilton, Sheraton, Hyatt, Holiday Inn, Conrad, Four Seasons, Ritz Carlton and Swissotel, are available in major cities. Apartment rents in Istanbul are expensive. Rents in Ankara and Izmir are more reasonable. Payment on an apartment rental, in a popular area of a city, is usually made in a foreign currency. Generally, six months to one year's rent is expected in advance.

Language

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Language: The official language spoken by more than 90 percent of the population is Turkish. Most educated Turks have a command of at least one foreign language, with sufficient fluency to carry out business transactions. Most company executives were educated in western countries. English is the dominant language for international business. Other frequently spoken languages are German and French.

Health

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Health: Medical facilities are available, but may be limited outside urban areas. Food and water borne diseases are prevalent throughout Turkey. Anyone coming to Turkey should have comprehensive medical insurance. Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State's Bureau of Consular Affairs brochure, [Medical Information for American Traveling Abroad](#), available via the Bureau of Consular Affairs home page at www.travel.state.gov or autofax: (202) 647-3000.

Vaccines: Vaccines necessary for Turkey are all childhood immunizations, Typhoid, Hepatitis B, Hepatitis A (or Immune Globulin as an alternative). Visitors who will visit rural areas, or go on hiking, or trekking trips in the country may wish to get Rabies vaccine although this is not required.

Information on vaccinations and other health precautions can be obtained from the Center for Diseases Control and Prevention's (CDC) hotline for international travelers at

1-877-FYI-TRIP (1-877-394-8747), fax 1-800-CDC-FAXX (1-800-232-3299), or via CDC's Internet site at <http://www.cdc.gov>.

Food: Turkish cuisine is characterized by the freshness of its ingredients and most American business travelers have no trouble finding a good meal. All major hotels have at least one restaurant serving continental cuisine. Several European and ethnic restaurants are also available in major cities. Prices at these places are usually moderate-to-expensive. Good food is available not only at expensive restaurants but also at moderately priced establishments. One also has the choice of fast food restaurants such as McDonald's, Wendy's, Kentucky Fried Chicken, Burger King and their Turkish equivalents such as Kebap 49. A variety of fresh fruits and vegetables are available throughout the year.

Local Time, Business Hours, and Holidays

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Time in Turkey is Universal Time Coordinated/Zulu + 2 hours (Zulu is London UTC). In comparison, Eastern Standard Time is Zulu -5 hours, Central Standard Time is Zulu -6 hours and Pacific Standard Time is Zulu -8 hours.

Business Hours is from 08:30 to 17:30 Monday through Friday except holidays

TURKISH HOLIDAYS IN 2006

January 1	New Year's Day
January 9-13	Kurban Bayrami (Sacrifice Holiday) begins 13:00
April 23	National Sovereignty and Children's Day
May 19	Ataturk Memorial, Youth and Sports Day
August 30	Victory Day
October 22-25	Ramadan Holiday begins 13:00 on 10/22
October 28-29	Turkish Independence Day begins 13:00 on 10/28

Temporary Entry of Materials and Personal Belongings

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Travelers entering Turkey on a temporary basis and carrying items such as laptop computers and accessories, display and exhibit materials are permitted to bring these items into Turkey duty free. Customs officials register the items to the traveler's passport and subsequently cancel them as the traveler exits the country with the same items. Catalogs, brochures, pamphlets, and similar advertising materials are exempt from customs duty. For additional information about temporary entry, please see VI. Trade Regulations and Standards, Temporary Entry section. Customs regulations may be found at www.gumruk.gov.tr.

Web Resources

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Department of State Travel Information: www.travel.state.gov

Center for Diseases Control Health Info: <http://www.cdc.gov>.
State Department Visa Website: <http://travel.state.gov/visa/index.html>
United States Visas.gov: <http://www.unitedstatesvisas.gov/>
U.S. Embassy Anakara: at <http://www.usemb-ankara.org.tr>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. Mission Trade-related Personnel

Commercial Affairs

<http://www.buyusa.gov/turkey/en/>

Trade and Development Agency

<http://www.ustda.gov>

United States Department of State

<http://ankara.usembassy.gov/>

United States Department of Agriculture

Agricultural Affairs Office

Agankara@fas.usda.gov

Washington-Based U.S. Government Country Contacts

U.S. Department of Commerce

Ms. Cherie Rusnak

Turkey Desk Officer

Cherie_Rusnak@ita.doc.gov

U.S. Department of State

Mr. David McCormick

U.S. Department of State- Desk officer for Turkey

MccormickDL@state.gov

Trade and Development Agency

www.ustda.gov

Mr. Daniel D. Stein
Regional Director for Russia, NIS, and Turkey
dstein@ustda.gov

U.S. Department of Agriculture, Foreign Agricultural Service

www.fas.usda.gov

Mr. James Dever
dever@fas.usda.gov

Export-Import Bank of the United States

www.exim.gov

Ms. Margaret Kostic, Business Development Officer
Margaret.Kostic@exim.gov

Overseas Private Investment Corporation

www.opic.gov

Turkish Government Contacts:

AGRICULTURE AND RURAL AFFAIRS

**Ministry of Agriculture and Rural Affairs, General Directorate of Agricultural
Production Development**

www.tarim.gov.tr

**Ministry of Agriculture and Rural Affairs, General Directorate of Protection and
Control**

www.tarim.gov.tr

Ministry of the Environment and Forestry

www.cevreorman.gov.tr

Turkish Grains Council

www.tmo.gov.tr

General Directorate of Rural Services

www.khgm.gov.tr

COMMUNICATIONS

Ministry of Communications and Transportation

www.ubak.gov.tr

Activity: Construction of harbors, airports, and railways, establishes telecommunications policy and monitors telecom privatization.

General Directorate of Turkish Radio and Television

www.trt.gov.tr

Activity: Television and radio broadcasting

Telecommunications Authority

www.tk.gov.tr

Turk Telekom A.S.

www.turktelekom.com.tr

Activity: Telecom parastatal, scheduled for privatization. It operates fixed lines and telecommunications satellites serving Turkey, lease channels and transponders from satellites.

DEFENSE AND NATIONAL SECURITY**Ministry of National Defense, Foreign Procurement Department**

www.msb.gov.tr

Activity: Defense procurement in accordance to programs and priorities of the Turkish General Staff.

Undersecretariat for Defense Industries

www.ssm.gov.tr

Activity: Defense equipment and systems procurement. Agency promotes the establishment of an indigenous Turkish defense industry.

Turkish Gendarmerie Command, Foreign Procurement Department

Ankara, Turkey

Tel: [90] (312) 456-2487, Fax: [90] (312) 418-9208

General Directorate for Security Affairs

www.egm.gov.tr

EDUCATION**Ministry of National Education**

www.meb.gov.tr

Activity: Primary and secondary schools, setting education policy and establishing teaching standards.

(Higher Education Council)

www.yok.gov.tr

Activity: Autonomous public body to administer the activities of all universities, schools, and institutions of higher education.

ENERGY AND NATURAL RESOURCES

Ministry of Energy and Natural Resources

www.enerji.gov.tr

Activity: Electricity generation, transmission, and distribution, energy and petroleum affairs and natural resources development.

Turkish Electricity Distribution Co., Inc.

www.tedas.gov.tr

Activity: Electricity Distribution Grids Operation and Maintenance.

Electricity Generation Co., Inc.

www.euas.gov.tr

Activity: Power Generation.

Turkish Electricity Transmission Co., Inc.

www.teias.gov.tr

Activity: Electricity transmission.

Turkish Electricity Trading Co., Inc.

www.tetas.gov.tr

Activity: Electricity Trading

General Directorate of the Turkish Petroleum Corp.

www.tpao.gov.tr

Activity: Exploration, drilling and production of oil, natural gas and geothermal energy.

Petroleum Pipeline Corporation

www.botas.gov.tr

Activity: Construction and operation of oil and gas pipelines.

General Directorate of Petrochemical Industries-PETKIM

www.petkim.com.tr

ENVIRONMENT AND FORESTRY AFFAIRS

**Ministry of Environment, General Directorate of Environmental Impact,
Assessment and Planning**

www.cevreorman.gov.tr

HEALTH

Ministry of Health, Foreign Relations Department

www.saglik.gov.tr

MINING AND MINERAL RESOURCES

General Directorate of Turkish Iron and Steel Works

www.tdci.gov.tr

Turkish Coal Enterprises

www.tki.gov.tr

Eti Maden

www.etimaden.gov.tr

Mineral Research and Exploration Institute

www.mta.gov.tr

PUBLIC WORKS AND HOUSING

Ministry of Public Works and Settlement

www.bayindirlik.gov.tr

Municipalities Bank

www.ilbank.gov.tr

Activity: Municipal financing authority.

**Prime Ministry- Southeastern Anatolia Project, Regional Development
Administration (GAP)**

www.gap.gov.tr

General Directorate of State Water Works

www.dsi.gov.tr

Activity: Construction of dams and hydroelectric power plants.

General Directorate of Railways, Harbors, and Airports Construction

www.dlh.gov.tr

TRADE AND ECONOMY

State Planning Organization-SPO

www.dpt.gov.tr

Activity: Develops and administers the State's investment programs. It is the approval agency for allocating government funds for projects and is responsible for the preparation of Turkey's Five Year Plans

Undersecretariat of the Treasury

www.treasury.gov.tr

Activity: Information source on foreign investment opportunities, procedures and incentives. The agency is the primary source of information on Turkey's banking regulations.

Undersecretariat of Foreign Trade, General Directorate of Imports

www.dtm.gov.tr

Activity: Information on Turkish import regulations. This agency also establishes customs duties and surcharges

Prime Ministry, Privatization Administration

www.oib.gov.tr

Activity: Privatization of state economic enterprises

State Institute of Statistics

www.die.gov.tr

Turkish Institute of Standards, Standards Preparation Department

www.tse.org.tr

Turkish Institute of Patents

www.turkpatent.gov.tr

Activity: Patent and trademark agency

The Scientific and Technical Research Council of Turkey

www.tubitak.gov.tr

Export Promotion Center

www.igeme.org.tr

Activity: Turkish exports promotion organization. Publishes periodicals on Turkey's export products and producers. Prepares market research on specific industry sectors.

TRANSPORTATION

General Directorate of State Highways

www.kgm.gov.tr

Activity: Highway construction

General Directorate of Turkish Airlines

www.turkishairlines.com.tr

Activity: National airline of Turkey.

State Airports Administration

www.dhmi.gov.tr

Activity: Agency responsible for airport construction, operations and ATC

General Directorate of State Railways Administration

www.tcdd.gov.tr

Activity: National railway. Maintains track, stations, rolling stock and operations infrastructure

TRAVEL AND TOURISM

Ministry of Culture and Tourism

www.kulturturizm.gov.tr

TURKISH BUSINESS/TRADE ASSOCIATIONS

American Chamber of Commerce in Turkey

www.americanbusinessforuminturkey.org

Foreign Economic Relations Board-DEIK

www.deik.org.tr

Activity: External economic relations promotion authority and source of commercial information. DEIK promotes U.S.-Turkish bilateral business relations.

Foundation for the Development of the Aegean Region

www.egev.org

Activity: Foundation having 85 members including city administrators, chambers of industry and commerce, businessmen's associations and regional universities. EGEV is a foreign investment promotion authority.

Aegean Young Businessmen's Association

www.egiad.org.tr

Activity: Business association in the Izmir region

Aegean Industrialists and Businessmen's Association - TUSIAD's Izmir extension)

www.esiad.org.tr

Activity: Industrialists and businessmen's organization established to promote business in the Aegean region

Turkish Industrialists' and Businessmen's Association-TUSIAD

www.tusiad.org.tr

Activity: Association of the largest business owners in Turkey. It is a business lobby, and the association publishes an authoritative annual report on the Turkish economy

Union of Chambers of Commerce, Industry, Maritime Commerce and Commodity Exchanges of Turkey (TOBB)

www.tobb.org.tr

Activity: Promotes investment and joint ventures on behalf of the member firms.

(Association for Foreign Capital Coordination)

www.yased.org.tr

Activity: Promotes investment and foreign direct investment to Turkey.

AGRICULTURE**Turkish Farmers Union**

www.tzob.org.tr

Turkish Dairy, Meat, Food Industry and Producers Union

www.setbir.org.tr

White Meat Industrialists Association

www.besd-bir.org.tr

Flour Millers Association

www.usd.org.tr

Turkish Feed Millers Association

www.turkiyeyembir.org.tr

Turkish Seed Industry Association

E-mail: turkted@turkted.org.tr

Union of Pasta Producers

www.makarna.org.tr

ADVERTISING

Advertising Firms' Association

www.rd.org.tr

AUTOMOTIVE

Automotive Distributors' Association

www.odd.org.tr

Automotive Industry Association

www.osd.org.tr

Vehicle Sellers' Association

www.oyder.tr.com

Auto Parts Association

www.taysad.org.tr

CONTRACTING AND CONSTRUCTION

Turkish Contractors Association/The Union of International Contractors

www.tmb.org.tr

Prefabricated Concrete Construction Producers Union

www.prefab.org.tr

Mass Housing Builders Association

www.tokyad.org.tr

The Building and Industry Center - YEM

www.yem.net

DEFENSE INDUSTRY

Defense Industries Manufacturers' Association-SASAD

www.sasad.org.tr

EDUCATIONAL

Fulbright Commission

www.fulbright.org.tr

E-mail: fulb-ank@itu.edu.tr

Fulbright Commission, Istanbul Office

E-mail: fulb-ist@tr.net

Activity: Fulbright offices provide information to U.S. colleges and universities on student recruitment activities and exchange programs. Fulbright also acts as a liaison between U.S. academic institutions and Turkish universities, high schools, government agencies, and the media.

ELECTRONICS

Electronic Industrialists Association

www.tesid.org.tr

ENVIRONMENT AND POLLUTION CONTROL

Association of Practitioners of Environmental Technology

Irfan Bastug Caddesi, Yuva Apt. 3/10, 80280 Gayrettepe, Istanbul, Turkey

Tel: [90] (212) 274-8681, Fax: [90] (212) 272-2904

Association for Preservation of Turkey's Nature

www.ttkder.org.tr

FRANCHISING

Turkish National Franchising Association

www.ufrad.org.tr

Activity: The Turkish National Franchising Association currently serves 46 members in the Republic of Turkey.

INFORMATION TECHNOLOGY

Turkish Data-Processing Industrialists' Association

www.tubisad.org.tr

Activity: Association of Turkish computer manufacturing, marketing, software and computer related service companies

Association of Turkish Computer Firms

www.tbd.org.tr

Activity: Association for Turkish computer firms; publishes monthly computer periodical.

INSURANCE

Turkish Insurance Firms' Association

www.tsrsb.org.tr

MEDICAL AND HEALTH CARE

Chamber of Medical Doctors

www.istabib.org.tr

Turkish Dental Association

www.tdb.org.tr

Health Industry Employers' Association (SEIS)

www.seis.org.tr

Health Care Products Manufacturers and Representatives Association (SADER)

www.sader.org.tr

Association of Research-Based Pharmaceutical Companies

Barbaros Bulvari 85/A, D.4, Besiktas, Istanbul, Turkey

E-mail: aifd@aifd.org.tr

MINING AND MINERALS

Turkish Miners' Association

www.madenorg.tr

Young Miners Association

www.gemad.org.tr

PACKAGING AND PACKING

Packaging Industrialists' Association

www.ambalaj.org.tr

Carton/Paper Packaging Industrialists' Association

Dogu Sanayi Sitesi, Yonetim Binasi Kat.3, Yenibosna, Istanbul, Turkey

Tel: [90] (212) 451-4757, Fax: [90] (212) 451-4786

PAPER AND PULP

Paper and Paper Pulp Industrialists' Foundation

Buyukdere Caddesi No. 95, Cinar Apt. Kat. 3 , D.11-12, 80300 Mecidiyekoy, Istanbul, Turkey

Tel: [90] (212) 275-1389, Fax: [90] (212) 217-8888

SAFETY AND SECURITY EQUIPMENT AND TECHNOLOGIES

Security Industry Industrialists and Businessmen's Association

www.gesider.org

Safety Equipment and Surveillance Organization Association

www.qusod.com

TEXTILES AND APPAREL

Turkish Clothing Manufacturers' Association

www.tgsd.org.tr

TRAVEL AND TOURISM

Union of Belek Tourism Investors

www.belekturizmcenter.org

Activity: Hotel and resort development association in Belek

Association of Marina Investors and Operators-MARYAT

E-mail: maryat@superonline.com

Activity: Association representing the Ministry of Tourism in marina development and investment

Union of Turkish Hotel Operators

www.turob.org

Activity: Hotel owners lobbying organization. Maintains information on hotel and resort projects.

Association of Turkish Travel Agencies

Fulya Asik Kerem Sokak No. 55

www.tursab.org.tr

Activity: Supports travel agents and the tourism industry.

Tourism Investors Association

www.ttyd.org.tr

Activity: Turkish tourism investment.

CHAMBERS OF COMMERCE AND INDUSTRY IN TURKEY

Union of Chambers of Commerce, Industry, Maritime Commerce and Commodity Exchanges of Turkey (TOBB)

www.tobb.org.tr

Activity: Association of local chambers of commerce and industry

Ankara Chamber of Commerce

www.atonet.com

Ankara Chamber of Industry

www.aso.org.tr

Istanbul Chamber of Commerce

www.ito.org.tr

Istanbul Chamber of Industry

www.iso.org.tr

Chamber of Maritime Commerce

www.chamber-of-shipping.org.tr

Izmir Chamber of Commerce

www.izto.org.tr

Aegean Chamber of Industry

www.ebso.com.tr

MARKET RESEARCH FIRMS

IBS-International Business Services A.S.

www.ibsresearch.com

E-mail: mail@ibsresearch.com

Deloitte & Touche Turkey

Denet Mali Danismanlik A.S.

E-mail: Lyaveroglu@deloitte.com

MAJOR COMMERCIAL BANKS

Akbank T.A.S.

www.akbank.com.tr

Citibank, N.A.

www.citibank.com

Koc Bank

www.kocbank.com.tr

Türkiye İis Bankası A.S.
www.isbank.net.tr

Yapı ve Kredi Bankası A.S.
Yapı Kredi Plaza B Blok, Büyükdere Caddesi, 80620 Levent, İstanbul, Turkey
Tel: [90] (212) 339-7000, Fax: [90] (212) 339-6000
www.yapikredi.com.tr

T.C. Ziraat Bankası
Atatürk Bulvarı Bakanlıklar Cad. No. 424, Ulus, Ankara, Turkey
Tel: [90] (312) 310-3747; 310-3750, Fax: [90] (312) 310-1134
www.ziraatbank.com.tr

Türkiye Garanti Bankası A.S.
www.garanti.com.tr

Türk Ticaret Bankası A.S.
www.turkbank.com.tr

EXHIBITION MANAGEMENT COMPANIES

Interteks Uluslararası Fuarcilik A. S.
www.interteks@interteks.com.tr
E-mail: interteks@interteks.com.tr

Tuyap Tüm Fuarcilik Yapim A.S.
www.tuyap.com.tr
E-mail: yesimulusoy@tuyap.com

CNR Uluslararası Fuarcilik ve Ticaret A.S.
www.itf-exhibitions.com
E-mail: cnrfair@superonline.com

ITF İstanbul Fuarcilik A.S.
www.itf.exhibitions.com
E-mail: nur.ogutcu@itf-exhibitions.com

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Additional event information can be found on the Commercial Service Turkey web sites at www.csturkey.com and www.buyusa.gov/turkey/en.

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

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www.csturkey.com and www.buyusa.gov/turkey/en.

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

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